PrEx 2
. 8/2
:983

855-A

ROOM USE ONLY,
DO NOT CIRCULATE

COLUMBIA UNIVERSITY
LIBRARIES

FEB 23 1982

U. S. DEPOSITORY
COPY

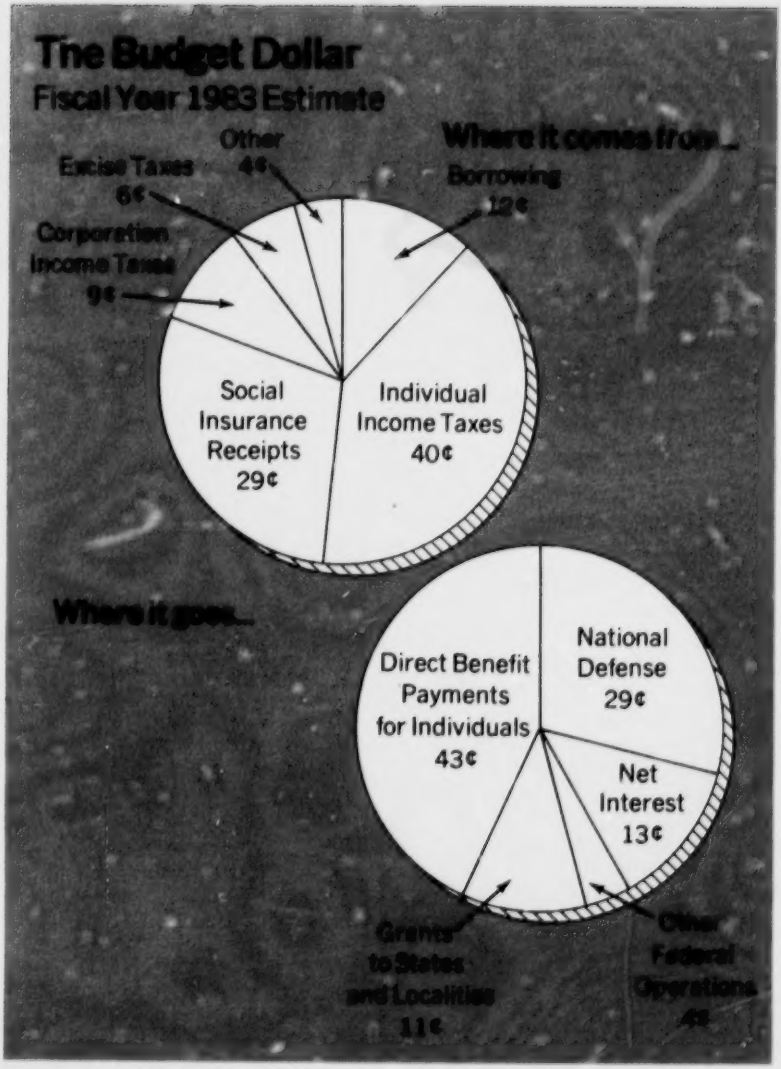
The United States Budget in brief

COLUMBIA UNIVERSITY
THE
LIBRARIES
IN THE CITY OF NEW YORK

DOCUMENTS
SERVICE CENTER

Fiscal Year 1983

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET



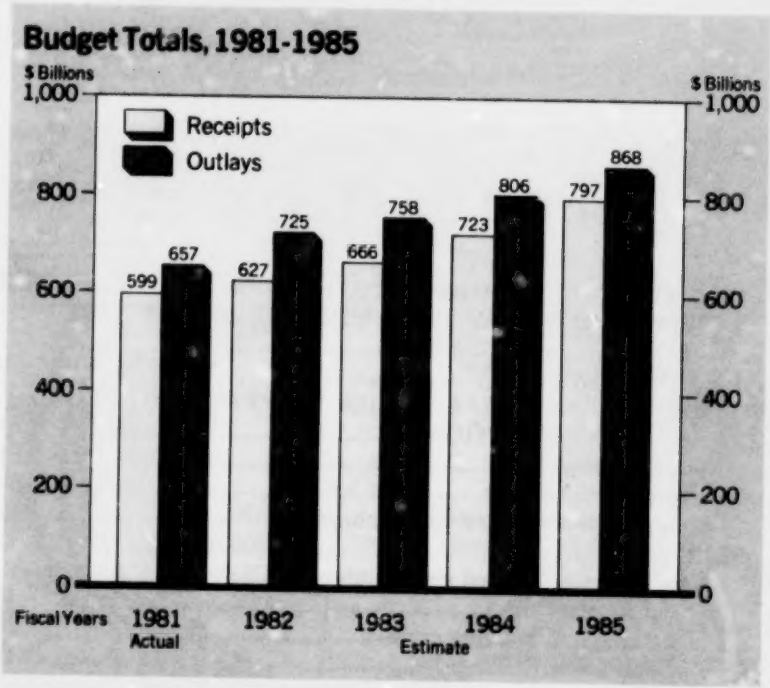
READEX
FICHE

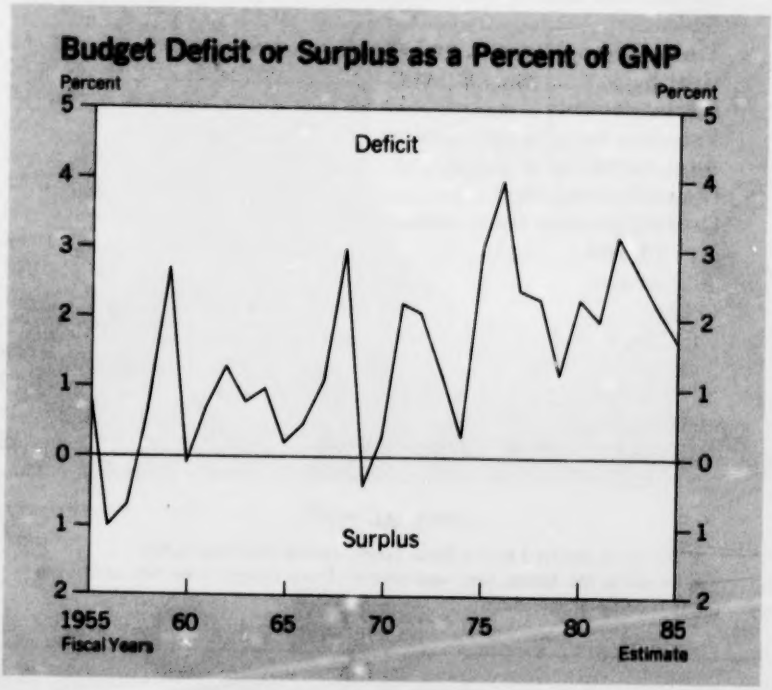
TABLE OF CONTENTS

	Page
FROM THE BUDGET MESSAGE OF THE PRESIDENT	3
I. ECONOMIC ASSUMPTIONS AND THE BUDGET OUTLOOK	17
II. BUDGET RECEIPTS	30
III. MEETING NATIONAL NEEDS: THE FEDERAL PROGRAM BY FUNCTION	33
National defense	34
International affairs	36
General science, space, and technology	38
Energy	40
Natural resources and environment	42
Agriculture	44
Commerce and housing credit	46
Transportation	47
Community and regional development	50
Education	52
Training, employment, and social services	54
Health	55
Income security	57
Veterans benefits and services	60
Administration of justice	62
General government	63
General purpose fiscal assistance	64
Net interest	65
Allowances	67
Other	67
Off-budget Federal entities	68
Tax expenditures	68
IV. THE BUDGET PROCESS	70
V. BUDGET TABLES	75
GLOSSARY OF BUDGET TERMS	92

GENERAL NOTES

1. All years referred to are fiscal years, unless otherwise noted.
2. Detail in the tables, text, and charts of this volume may not add to the totals because of rounding.


Budget Totals, 1981-1985
$ Billions
1,000
800
600
400
200
0
Receipts
Outlays
599
657
627
725
666
758
723
806
797
868
Fiscal Years
1981
Actual
1982
1983
1984
1985
Estimate


Budget Deficit or Surplus as a Percent of GNP
Percent
5
4
3
2
1
0
1
2
Deficit
Surplus
1955
60
65
70
75
80
85
Fiscal Years
Estimate

FROM THE BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

One year ago, in my first address to the country, I went before the American people to report on the condition of our economy. It was not a happy occasion.

Inflation, interest, and unemployment rates were at painfully high levels, while real growth, job creation, new investment, personal savings, and productivity gains had virtually ceased. Our economy was staggering under the burden of excessive tax rates, double-digit inflation, runaway Government spending, counter-productive regulations, and uneven money supply growth. The economy, I declared, was in the "worst mess" in half a century.

To our great good fortune, there were many in the Congress who understood the nature of our difficulties and who rose with us to meet the challenge. Fundamental and long-overdue remedies were proposed and put in place. Together, we enacted the biggest spending and tax reductions in history. Counter-productive regulations have been swept away, and the Federal Reserve has taken action to bring excessive monetary growth under control.

The first year of the 97th Congress will be remembered for its decisive action to hold down spending and cut tax rates. Today, the question before us is whether the second year of this Congress will bring forward equal determination, courage, and wisdom. Clearly, there is a great deal more to be done.

Some seek instant relief from the economic problems we face. There is no such panacea. Our program began October 1, and it cannot solve in 4 months problems that have been building for more than four decades. All the quick fixes tried in the past not only failed to solve but actually aggravated our economic difficulties. They simply ensured a new cycle of boom and bust, of exaggerated hopes and eventual disappointment.

We did not promise the American people a miracle. We did promise them progress, and progress they will get.

Our goal was, and remains, economic recovery—the return of non-inflationary and sustained prosperity. We seek a larger economic pie to provide all Americans more jobs, more after-tax income, and a better life. Quick fixes won't get us there.

What will get us there is firm resolve and unwavering adherence to the four fundamentals of our economic recovery program that I outlined to the Congress 1 year ago:

- Reducing personal and business taxes to stimulate saving, investment, work effort, and productivity.
- Reducing the growth of overall Federal spending by eliminating Federal activities that overstep the proper sphere of Federal Government responsibilities.
- Reducing the Federal regulatory burden in areas where the Federal Government intrudes unnecessarily into our private lives or interferes unnecessarily with the efficient conduct of private business or of State or local government.
- Supporting a moderate and steady monetary policy, to bring inflation under control.

At the same time, I have proposed strengthening the Nation's defenses, to restore our margin of safety and counter the Soviet military buildup.

Congressional response to these proposals has been positive and gratifying. While much remains to be done, we have made a good beginning.

The Nation's fiscal policy is now firmly embarked on a new, sound, and sustainable course. For the first time in decades, the destructive pattern of runaway spending, rising tax rates, and expanding budgetary commitments has been slowed, and with the cooperation of the Congress this year, will finally be broken.

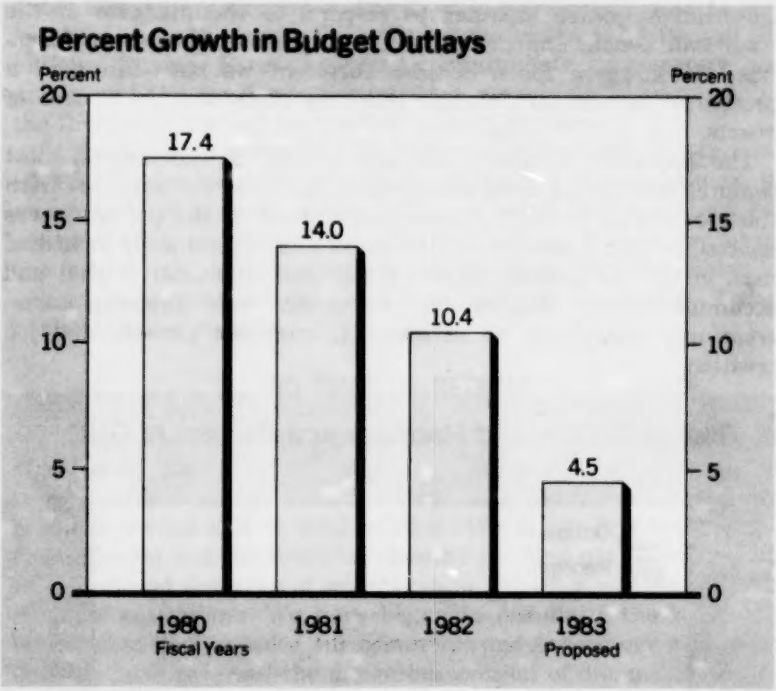
This dramatic progress in reordering fiscal policy has been paralleled by a similar redirection of monetary policy. The excessive, unsustainable, and eventually ruinous growth of money and credit of the past decade has been curbed. The inflation spiral has been broken. The growth of prices is slowing down. Peoples' savings are beginning to flow out of unproductive speculation, tangible assets, and other inflation hedges back into the Nation's financial arteries where they will be available to power economic recovery, more jobs, and growing incomes and opportunities.

THE BUDGET TOTALS

(In billions of dollars)

	1981 actual	1982 estimate	1983 estimate	1984 estimate	1985 estimate
Budget receipts	599.3	626.8	666.1	723.0	796.6
Budget outlays	657.2	725.3	757.6	805.9	868.5
Surplus or deficit (−)	−57.9	−98.6	−91.5	−82.9	−71.9
Budget authority	718.4	765.5	801.9	858.0	943.5

In short, we are putting the false prosperity of overspending, easy credit, depreciating money, and financial excess behind us. A solid foundation has been laid for a sound dollar, sustained real



economic growth, lasting financial stability, and noninflationary prosperity for all Americans.

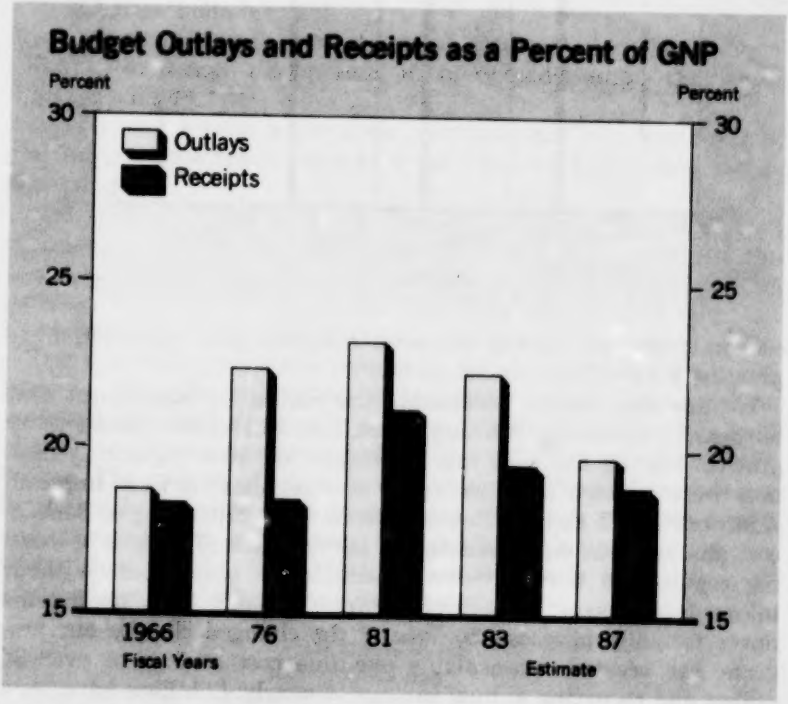
We are also moving to shackle the regulatory juggernaut that burdened production, consumed jobs, and diminished productivity growth. During the past year no significant new regulatory statutes were enacted and few major new regulations were imposed. Additions to the Federal Register declined by 23,000 pages. Benefit-cost analysis was made mandatory for regulations. Dozens of existing regulations were reviewed, modified, or eliminated. Without taking into account billions of dollars of savings from regulations never formally proposed because of the changed climate our program has created, quantifiable one-time cost savings of over $3 billion and recurring annual savings of nearly $2 billion have been realized. And the effort has just begun.

A YEAR OF HISTORIC ACHIEVEMENT

These remarkable achievements are the cornerstones of our national economic recovery program. They far exceed anything that the skeptics and critics ever dreamed possible just 1 year ago. They occurred because the executive and legislative branches of our

Government joined together to respond to the mandate of the American people and overcome the impediments that had paralyzed Washington for a decade. Together, we have launched a process of reform and change that can transform the course of events.

The Economic Recovery Tax Act of 1981 is the largest, most comprehensive, and most constructive tax bill ever adopted. With the cooperation of the Congress and support of the public, it was enacted in just 5 months. It addressed and substantially remedied most of the tax system's shortcomings and disincentives that had accumulated over decades—distortions that were imposing an increasingly heavy toll on investment, economic growth, and job creation.



The past year's achievements on spending control and the reestablishment of budgetary discipline are no less impressive than the sweeping tax changes. For the first time ever, the Congress activated its central budgetary machinery and overcame the spending impulses of its fragmented parts. The Omnibus Budget Reconciliation Act of 1981 was a watershed in fiscal history—a giant step toward the restoration of fiscal discipline. By the accounting of its own Congressional Budget Office, spending will be $35 billion lower this year and about $130 billion lower over the next 3 years due to just one bill passed in only 5 months after having been considered by 30 different committees, a bill that reduced, reformed or elimi-

nated hundreds of programs. The growth of budgetary outlays is at last being brought in line with the growth of the tax base and the national income. Excess spending commitments, unnecessary programs and overlapping activities were meaningfully addressed in the Reconciliation Act for the first time in decades.

At the same time that the Congress joined in these long-overdue efforts to pare back the size of the Federal budget and slow its momentum of growth, it has fully supported our ambitious but essential plan to rebuild our national defense. A year ago every component of military strength was flashing warning lights of neglect, under-investment, and deteriorating capability. Today, health is being restored.

NO TIME TO RETREAT

These achievements of the first year truly constitute a new beginning. In every major dimension of national strength and well-being we have launched the redirection of policy that was so desperately needed and so long overdue. We are ending the destructive inflation and the financial disorder built up over a decade. We have removed the yoke of over-taxation from our workers and our business enterprises. We have begun to dismantle the regulatory straitjacket that impeded our commerce and sapped our prosperity. And we have reversed the dangerous erosion of our military capabilities.

The task before us now is a different one, but no less crucial. Our task is to persevere; to stay the course; to shun retreat; to weather the temporary dislocations and pressures that must inevitably accompany the restoration of national economic, fiscal, and military health.

The correction of previous fiscal and monetary excesses has come too late to avert an unwelcome, painful, albeit temporary business slump. In the months ahead there will be temptation to resort to pump-priming and spending stimulus programs. Such efforts have failed in the past, are not needed now, and must be resisted at every turn. Our program for permanent economic recovery is already in place. Artificial stimulants will undermine that program, not reinforce it.

Likewise, previous excesses in money and credit growth have resulted in financial strain in many regions and sectors of our national economy. The adjustment to lower inflation and a more moderate money and credit policy did not come soon enough to avoid interest rates and unemployment far higher than we would like, and that we are working to reduce. But these effects are temporary. They cannot be remedied by a return to rapid, unsustainable expansion of Federal spending and money growth, which would drive inflation and interest rates to new highs. Our hard-

won gains in reducing inflation must be preserved and extended—because permanent reduction of interest rates and unemployment is impossible if the fight against inflation is abandoned, just when it is being won.

Similarly, our budget deficits will be large because of the current recession, and because it is impossible in a short period of time to correct the mistakes of decades. But our incentive-minded tax policy and our security-based defense programs are right and necessary for long-run peace and prosperity, and must not be tampered with in a vain attempt to cure deficits in the short-run. The answer to deficits is economic growth and indefatigable efforts to control spending and borrowing. These principles we dare not abandon.

THE DEFICIT PROBLEM: ITS ORIGINS

Despite the new course we have charted and the gains we have achieved, the voices of doubt, retreat, and rejection are beginning to rise. They conveniently forget that the present business slump was not caused by our program but is the result of the accumulated burdens of past policy errors, which we have taken action to redress. They fail to comprehend that our spending cuts and tax reductions were not designed to redistribute the output of a stagnant economy, but to revive the economy's growth and to increase its size—for the jobless as well as the affluent, for those who aspire to get ahead as well as those who have already arrived.

Increasingly, the larger budget deficits that we unavoidably face are offered as evidence that our entire course should be recharted. The matter of budget deficits, therefore, must be addressed squarely. We must fully comprehend why they have grown from our original projections, why they may remain with us for some time to come, what dangers they pose if not vigorously combatted and what steps we can and must take to steadily reduce their size and drain on our available savings.

Our original plan called for a balanced budget in 1984. Balance is no longer achievable in 1984, but the factors that have postponed its realization are neither permanent nor cause for abandoning the goal of eventually living within our means.

In the near term, the most important setback to our budgetary timetable is the recession now underway. During 1982, receipts will decline by $31 billion and outlays rise by $8 billion due to the fall-off of business activity and the increase of unemployment-related payments. This factor alone accounts for nearly all of the difference between the $45 billion 1982 deficit we projected last year and our current estimate of $98.6 billion.

While the recession will end before this fiscal year is over, its budgetary impact will spill over for many years into the future. It

will take time for the unemployment rate to come down and safety-net payments to diminish. The growth of receipts will recover, but not at the levels previously projected. This will add billions of dollars to deficits for 1983 and 1984.

The second major factor widening the deficit projection is interest payments on our trillion dollar debt. Here we are being penalized doubly for the misguided policies of the past.

The discredited philosophy of spend and spend, borrow and borrow, saddled us with a permanent debt burden of staggering dimensions. This year's interest payment of $83 billion exceeds the size of the entire Federal budget as recently as 1958.

In addition, past fiscal, monetary, and credit excesses have resulted in temporarily high interest rates—rates that will come down, but only as inflation abates, private and public financing practices adjust, and long-term confidence rebuilds. Since market confidence has been so badly shaken by runaway inflation and interest rates in the past 3 years, it is apparent that interest rates over the next several years will fall less rapidly than we had originally anticipated. Between the huge inherited base of national debt, the higher interest rates, and the large prospective additions to the national debt in the next several years, our total debt service costs will rise substantially.

Interest payments on the debt will exceed our original projections by $18 billion in 1982, $32 billion in 1983, and $182 billion over 1982-86 taken as a whole. The interest rate/debt service factor, then, constitutes a major source of the setback to our budget timetable. But let us be clear about its origins: it arises primarily from a legacy of past excesses, not from a shortfall in our current budget control efforts, nor from a flaw in our overall program.

The third and most important factor contributing to the growth in deficit projections is quite simply the ironic by-product of our rapid and decisive success in bringing down the rate of inflation. Our economic forecast last February projected a 9.5% inflation rate in calendar year 1981 and a further decline to 7.7% in 1982. This projection was scorned by many as too rosy just one year ago. Yet the actual inflation rate in 1981 turned out to be lower than our projection, and the inflation decline this year and next year almost certainly will exceed our earlier projections.

This is welcome news to every American and we have adjusted our inflation forecast accordingly. But lower rates of price increase also mean lower inflation components in wages and incomes and a reduced flow of inflation-swollen tax receipts to the Treasury.

This point is not merely academic. Over the next 5 years, our forecast projects a 9.9% average rate of growth in nominal GNP reflecting a steady fall of inflation to about 4½% by 1987. If nominal GNP growth were just 2% higher each year, reflecting a continuation of higher inflation, Federal receipts would be en-

larged by the staggering sum of $353 billion over the 5 years. On paper, at least, the budget would be nearly balanced in 1987 rather than more than $50 billion in deficit.

But if the last decade offers any lesson, it is that we cannot inflate our way to budget balance. Indeed, every budget from 1975 forward projected a balanced budget 2 years into the future and growing surpluses in the out-years. Not one of these surpluses materialized for a very compelling reason: the monetary excesses needed to finance inflationary growth of wages and incomes are the enemy of savings, investment, real economic growth, and fundamental business confidence and financial stability. They lead to the kind of pervasive economic breakdown that we experienced during 1979–81—a breakdown that swells Government spending, interrupts the flow of receipts, and causes prospective budgetary surpluses to vanish in a flow of red ink.

Thus, we cannot and will not pursue the will-o'-the-wisp of reflation nor the phantom of future budget surpluses premised on a continuance of high inflation.

The final factor contributing to the worsening of the deficit outlook is that all of the budget savings we had planned for last year were not actually achieved. Most importantly, our plan to ensure the short- and long-run solvency of social security was discarded by the Congress. In an effort to eliminate partisanship and facilitate movement toward a constructive solution, our reform proposal has been withdrawn in favor of a bipartisan commission charged with developing a plan to rescue the social security system by next fall. I am confident that the commission will do just that, but in the meanwhile our outlay projections must be increased by $6 billion in 1983 and $18 billion for 1987.

Likewise, the Congress failed to adopt all of the reforms we proposed for medicaid, guaranteed student loans, food stamps and other entitlements. Without further action, about $4 billion would be added to the 1983 deficit in these areas alone. While major and unprecedented action was taken to curb the growth of entitlements last year, the shortfall is still substantial. Entitlement reforms not acted upon by the Congress last year will add nearly $20 billion to the deficit over the next 3 years. When this is combined with substantial added outlays for farm subsidies and for discretionary programs that were not reformed, it is clear that the task of budget control is far from complete.

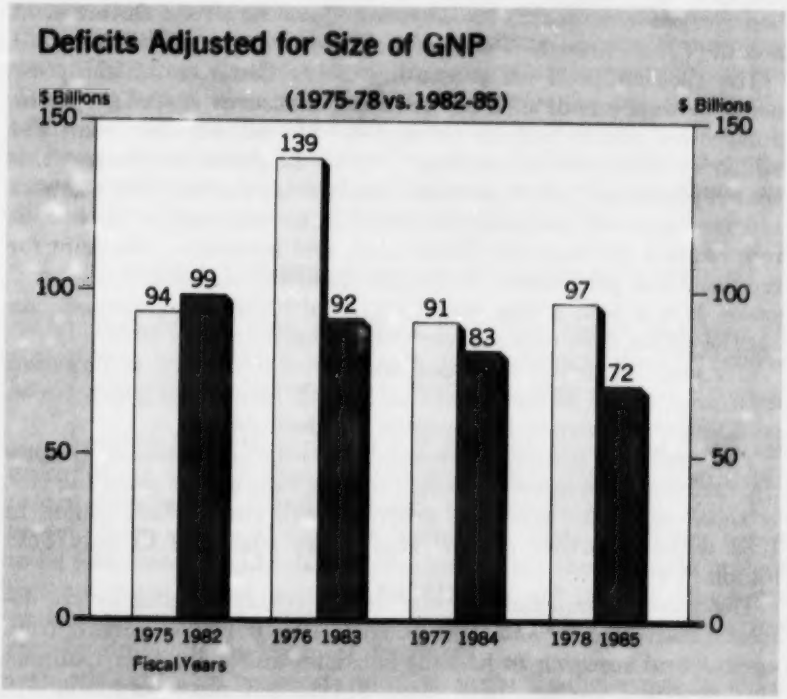
THE BUDGET DEFICIT IN PERSPECTIVE

Taken together, the effects of recession, higher interest rates, declining inflation, and incomplete congressional action will mean high, continuing, and troublesome Federal budget deficits. Constant vigilance and relentless efforts to pare back future spending

and borrowing will be imperative to ensure that they are not permitted to worsen and add further pressure to financial markets and interest rates.

Nevertheless, three features of these high deficit numbers must not be lost sight of even as we seek eventually to eliminate them.

First, even the 1982 deficit of $98.6 billion is not unprecedented in the context of a recession and recovery cycle. Relative to the present size of the U.S. economy, the budget deficit would have been $94 billion for 1975, followed by deficits of $139 billion, $91 billion and $97 billion in the next 3 years, respectively.



Second, these deficits reflect the excess spending commitments of past rather than new spending programs with potential to grow in the future. That means that by remaining firm in our efforts to reduce waste and excess, reform entitlements, reduce low priority spending, and gradually return domestic programs back to State and local governments, the gap between spending subject to firm fiscal discipline and revenues being lifted by steady economic expansion will gradually diminish.

Finally, the share of GNP taken in taxes will be substantially lower and the incentives for savings markedly stronger. This expansion of the total savings supply will increase our capacity to absorb deficits and give us additional time to work toward their elimination.

$239 BILLION DEFICIT REDUCTION PLAN

The prospect of high deficits during the transition to strong economic growth and low inflation contains a profound warning: any relaxation of our budget control efforts, any backsliding to spending politics as usual, any retreat to time-worn excuses about "uncontrollables"—that results in spending growth significantly above our projections, will mean a serious threat to the progress of our entire economic recovery program. There is precious little margin for shirking or diluting the task the American people have charged us with. That task is nothing less than a constant, comprehensive, ceaseless search for ways to reduce the size of Government and the future growth of its spending.

The 1983 budget I am presenting to the Congress faithfully adheres to that mandate. If all proposed measures are adopted, the prospective deficit will be reduced by $56 billion next year, $84 billion in 1984, and $99 billion in 1985. In short, the budget this year represents much more than simply a tabulation of accounts or a compilation of spending decisions, large and small. Instead, it represents a far-reaching, resourceful, and integrated blueprint for reducing the prospective deficit by $239 billion over the next 3 years. It is a bold action plan that, if faithfully implemented, can cut the prospective deficits over that period by nearly 50%.

Our plan for deficit reduction consists of five parts. It addresses each area of the budget where actions to reduce the gap between spending and revenues are possible and desirable.

The first area concerns non-social security entitlements. Despite the heartening progress we made toward reform last year, the cost of these automatic spending programs will rise to $201 billion in 1983 without further action. This figure compares to only $119 billion in 1979.

The second component of our deficit reduction plan covers domestic discretionary and other programs for purposes ranging from agricultural research to housing subsidies and manpower training. Our proposed savings here total $14 billion next year and $76 billion over the next 3 years.

The third component of the deficit reduction program involves user fees, or more appropriately, the recovery of costs borne by the taxpayers generally, but that predominantly benefit a limited group of businesses, communities or individuals. Total savings would amount to $2.5 billion in 1983 and $10 billion over the next 3 years.

The fourth part of the plan is aimed at the executive branch and the most inexcusable of all forms of spending: lax management, the toleration of fraud and abuse, the failure to recover debts owed the Government or to dispose of properties it does not need, and outdated, inefficient, procurement practices.

Our fiscal plan has always assumed that our new management would take hold, and that savings would be possible in areas we have simply never looked at before. After 1 year, our new management team has indeed taken hold, the results to date have been impressive, and our plans for future savings are bold and far-reaching. All told, these efforts will reduce the budget deficit by $20 billion next year and $68 billion over the next 3 years.

Finally, our emphasis thus far has been on reducing excessive tax rates and shrinking the Government's take from the paychecks of workers and the profits of business. On that principle we will not waver. But that does not mean unintended loopholes should go uncorrected, that obsolete tax incentives should be continued, or that profitable business should not contribute at least some minimum fair share to the cost of financing Government. Thus, our deficit reduction plan includes $34 billion over the next 3 years in additional receipts from new initiatives in these areas.

These new proposals will have no adverse effect on our economic recovery program, are fair and equitable, and will contribute significantly to the reduction of future deficits.

CONTINUING THE RESTORATION OF NATIONAL DEFENSE

Our 1983 budget plan continues the effort begun last year to strengthen our military posture in four primary areas: strategic forces, combat readiness, force mobility, and general purpose forces.

A thorough 8-month review of U.S. strategic forces and objectives preceded my decision this past October to strengthen our strategic forces. The review found that the relative imbalance with the Soviet Union will be at its worst in the mid-1980's and hence needs to be addressed quickly. It also concluded that the multiple protective structure basing proposal for MX did not provide long-term survivability since the Soviets could counter it (at about the same cost) by simply deploying more warheads.

In addition, our review pointed to serious deficiencies in force survivability, endurance, and the capability to exercise command and control during nuclear war. Current communications and warning systems were found to be vulnerable to severe disruption from an attack of very modest scale.

The 1983 budget funds programs to correct these deficiencies. The 1983 strategic program of $23.1 billion, an increase of $6.9 billion over 1982, provides for both near-term improvements and longer-term programs.

Today a major conflict involving the United States could occur without adequate time to upgrade U.S. force readiness. Our concerns with military readiness reflect both the long lead time required to procure sophisticated equipment (both parts and finished

equipment) and past failures to provide adequate peacetime support for combat units. We cannot wait for a period of rising tensions before bringing forces up to combat readiness.

My program will continue to bolster combat readiness by increasing training, operating rates, and equipment support. There will be increased aircraft flying hours and supply inventories. In addition, backlogs of combat equipment and real property awaiting maintenance will be reduced. Also, the 1983 budget will provide levels of military compensation that will improve the readiness and capability of the all volunteer force.

In the last decade, the Soviet Union introduced large quantities of highly capable, new-generation tactical equipment including combat ships, tanks and aircraft, which must be countered by modernized U.S. forces. Also, the traditional U.S. superiority in system quality has been considerably narrowed, making Soviet quantitative advantages more serious. The Soviet military force buildup has increased the risk that they may rely on military power to support their foreign policy goals. For the U.S. to maintain, in concert with our allies, sufficient conventional forces to deter potential aggression, our forces must be provided with adequate numbers of new, modern tactical equipment.

My 1983 budget includes $106.2 billion for general purpose forces (including both operations and investment), an $18 billion increase over 1982. A key initiative is an expanded shipbuilding program. The United States, dependent on open seas for commerce and military resupply, must have the naval capability to maintain control of vital sea lanes.

REVITALIZATION OF AMERICAN FEDERALISM

The Constitution provides clear distinctions between the roles of the Federal Government and of the States and localities. In their wisdom, our founding fathers provided for considerable flexibility so that in following centuries these responsibilities could be adapted to new conditions. But in recent years we have not adapted well to new conditions. We have created confusion as to who is responsible for what. During the past 20 years, what had been a classic division of functions between the Federal Government and the States and localities has become a confused mess. Traditional understandings about the roles of each level of government have been violated.

Governments at all levels have had and will continue to face various problems. But as Governor of California, I learned that a problem in one part of the country does not automatically mean that we need a new Federal program in all 50 States. Yet that is what has happened.

In 1964, total Federal grants to State and local governments were $10 billion. By 1980, total Federal grants to States and local-

ities exceeded $90 billion, meaning that 18% of Federal tax receipts were being passed through to States and localities for one reason or another. However, these funds were not passed through entirely benignly. Attached to them were Federal rules, mandates, and requirements. This massive Federal grantmaking system has distorted State and local decisions and usurped State and local functions.

I propose that over the coming years we clean up this mess. I am proposing a major effort to restore American federalism. This transition over nearly 10 years will give States and localities the time they need to plan for themselves when and how to meet State and local needs that are now being met with Federal Government funds. My proposal will also make available to the States and localities the tax resources that would otherwise fund these programs by the Federal Government.

The key to this program is that the States and localities make the critical choices. They have the time to make them in an orderly way. A major sorting out of Federal, State and local responsibilities will occur, and the Federal presence and intervention in State and local affairs will gradually diminish.

CONCLUSION

While some administration proposals have been turned down, turned aside, or compromised by the Congress, the overall assessment of the past year's action on the budget is heartening. Cooperation, support, goodwill, and a genuine sense of national purpose have enabled us to make significant progress in setting the Federal Government's affairs in order and America on the road to economic recovery.

I urge the Congress to approach the new, or renewed, proposals in this budget in the same spirit and with the same goodwill as it did my proposals of a year ago. Much has been accomplished. This budget proposes that more be done.

The proposals set forth in this budget will not be accepted readily. They are a second challenging installment of a politically difficult, yet necessary, program. In their specifics, these proposals will undoubtedly be altered by the Congress. The general direction we must travel, however, is clear. I urge the Congress to weigh these budget proposals thoughtfully, and to join me, and my administration, in a constructive effort to curb the growth of Federal spending and to provide for the Nation's security. We must, in the end, roll up our sleeves, face our responsibilities squarely, and persevere at the unending task of setting, and keeping, the Nation's affairs in order.

RONALD W. REAGAN.

FEBRUARY 8, 1982.

Part I

ECONOMIC ASSUMPTIONS AND THE BUDGET OUTLOOK

This section discusses the budget outlook and the economic assumptions that form the basis for that outlook. The first part presents economic assumptions for calendar years 1982 through 1987 and explains the nature of these assumptions. The second part discusses several aspects of the budget outlook.

Economic Assumptions

The economy and the budget are interrelated. Economic conditions significantly affect the budget, and the budget, in turn, influences economic conditions. The economic assumptions used for developing the budget estimates are presented in the following tables to assist in understanding the budget estimates and projections and the administration's fiscal strategy.

These economic assumptions are on a calendar year basis (as is customary for economic statistics) while the budget estimates are for fiscal years.

The most encouraging development in 1981 was the substantial reduction in the rate of inflation. Inflation rates declined by a range of 3 to 5 percentage points for the consumer and producer price indexes. For the year as a whole, 1981 was the first year in which there was a significant downturn in inflation since 1976.

Continued progress on inflation and inflation expectations in 1982 will open the way for the first steps toward economic recovery. The gross national product (GNP), adjusted for inflation, is expected to increase by 3.0% from the fourth quarter of 1981 through the fourth quarter of 1982, and 5.2% during 1983.

Excessive intervention in the economy by the Federal Government, has, over the years, resulted in major disruptions and imbalances and a virtual end to economic growth. Since early 1979, the economy's output (adjusted for inflation) has grown at an average annual rate of only 0.4%, productivity has grown by only 0.5%, and industrial production has declined by 5.7%. A large part of the

360-400 O - 82 - 3 : QL 3

SHORT-RANGE ECONOMIC FORECAST

(Calendar years; dollar amounts in billions)

Item	Actual 1980	Forecast		
		1981 [1]	1982	1983
Gross national product:				
Current dollars:				
Amount	2,626	2,922	3,160	3,524
Percent change: Fourth quarter over fourth quarter	9.4	9.3	10.4	11.0
Constant (1972) dollars:				
Amount	1,481	1,510	1,513	1,591
Percent change: Fourth quarter over fourth quarter	−0.3	0.7	3.0	5.2
Incomes (current dollars):				
Personal income	2,160	2,404	2,641	2,887
Wages and salaries	1,344	1,483	1,605	1,747
Corporate profits	246	230	215	260
Price level (percent change fourth quarter over fourth quarter):				
GNP deflator	9.8	8.6	7.2	5.5
Consumer Price Index [2]	12.6	9.4	6.6	5.1
Unemployment rates (percent):				
Total: Fourth quarter	7.5	8.4	8.4	7.6
Insured, annual average [3]	3.8	3.5	4.9	4.3
Federal pay raise, October (percent): [4]				
Civilian	9.1	4.8	5.0	5.0
Military	11.7	14.3	8.0	7.6
Interest rate, 91-day Treasury bills (percent) [5]	11.5	14.1	11.7	10.5

[1] Preliminary actual data.

[2] CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index used here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.

[3] This measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.

[4] General schedule pay raises become effective on October of each year—the first month of the new fiscal year. Thus, the October 1982 pay rise will set new pay scales that will be in effect during fiscal year 1983.

[5] Average rate on new issues within period. These projections, assume, by convention, that interest rates decline with the rate of inflation. They do not represent a forecast of interest rates.

decline in the health of the economy is due to policies that allowed Federal spending, taxes, and borrowing to grow out of control.

In early 1981 the President announced a new economic policy that broke cleanly from the excesses of previous years. In its place, the administration seeks a new era of strong and sustainable economic growth predicated on a combination of tax reduction, budget control, and moderate monetary growth. This has proved to be a difficult task after the trends of the past few years, and the process of restoring health to the economy has not been accomplished without some painful short-run side effects. The adjustment phase appears to be coming to a close, however, and there are numerous signs that a robust economic recovery will begin in the spring.

The forecasts for 1982 and 1983 are subject to substantial margins of error, particularly for interest rates. For periods further in the future, economic projections are subject to even greater uncertainty. In contrast to the short-range economic forecast, the long-range assumptions for the 1984–87 period are not forecasts of probable economic conditions. Instead, they are projections consistent with the economic policy objectives of the administration that

assume steady progress in reducing unemployment, inflation, and interest rates and in sustaining strong economic growth.

LONG-RANGE ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

Item	Assumptions			
	1984	1985	1986	1987
Gross national product:				
Current dollars:				
Amount	3,883	4,258	4,651	5,068
Percent change: Fourth quarter over fourth quarter	10.0	9.4	9.1	8.9
Constant (1972) dollars:				
Amount	1,670	1,750	1,827	1,905
Percent change: Fourth quarter over fourth quarter	4.9	4.6	4.3	4.3
Incomes (current dollars):				
Personal income	3,121	3,411	3,723	4,057
Wages and salaries	1,887	2,065	2,256	2,458
Corporate profits	314	330	317	334
Price level (percent change fourth quarter over fourth quarter):				
GNP deflator	4.9	4.6	4.6	4.4
Consumer Price Index [1]	4.7	4.6	4.6	4.4
Unemployment rates (percent):				
Total: Fourth quarter	6.8	6.2	5.6	5.2
Insured, annual average [2]	3.7	3.2	2.8	2.4
Federal pay raise, October (percent): [3]				
Civilian	5.0	5.0	5.0	5.0
Military	5.5	5.0	5.0	5.0
Interest rate, 91-day Treasury bills (percent) [4]	9.5	8.5	7.0	5.5

[1] CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index used here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.

[2] This indicator measures unemployment under State regular unemployment insurance as a percentage under that program. It does not include recipients of extended benefits under that program.

[3] General schedule pay raises become effective in October of each year—the first month of the fiscal year. Thus, the October 1984 pay raise will set new pay scales that will be in effect during fiscal year 1985.

[4] Average rate on new issues within period. These projections assume, by convention, that interest rates decline with the rate of inflation. They do not represent a forecast of interest rates.

The central policy objective embodied in the long-range economic assumptions is the steady reduction in the growth of nominal GNP. During 1983, GNP is projected to increase at an annual rate of 11.0%. Over the next 4 years, however, nominal GNP growth declines steadily to a rate of 8.9% by 1987. Fundamental to this expected decline in the growth of nominal GNP is the assumption of moderate growth in the money supply, rather than the stimulative monetary acceleration that has accompanied economic recoveries during the past 20 years.

Money growth is one of the key determinants of the trend rate of inflation. Consistent with the assumed pattern of moderate money growth and steadily declining nominal GNP growth, the GNP deflator is expected to show a slow but steady decline from a 5.5% rate during 1983 to a 4.4% rate by 1987.

Against a backdrop of firm budget restraint and a controlled expansion of money and credit, inflation will gradually recede during the period ahead, paving the way for a sustained decline in market interest rates. The pessimism about inflation that has

dominated economic behavior in recent years will not fade quickly. Nonetheless, firm anti-inflation resolve and reliable Government policies to reduce fiscal borrowing requirements can be expected to moderate fears about inflation and result in substantially lower interest rates. Accordingly, the administration's interest rate assumptions anticipate a decline in Treasury bill rates to 9.5% in 1984, 8.5% in 1985, 7.0% in 1986, and 5.5% in 1987.

In an environment marked by slowing inflation and declining interest rates, the historic reduction of tax rates resulting from the Economic Recovery Tax Act of 1981 is expected to create major new incentives for saving, investment and productivity. The combined effects of lower tax rates, fiscal restraint, reduced regulatory drag, and the improved purchasing power of money are expected to generate the most robust economic recovery period in more than a decade. The administration's long-run economic policy objectives set real GNP growth at 4.9% in 1984, 4.6% in 1985, and 4.3% in both 1986 and 1987.

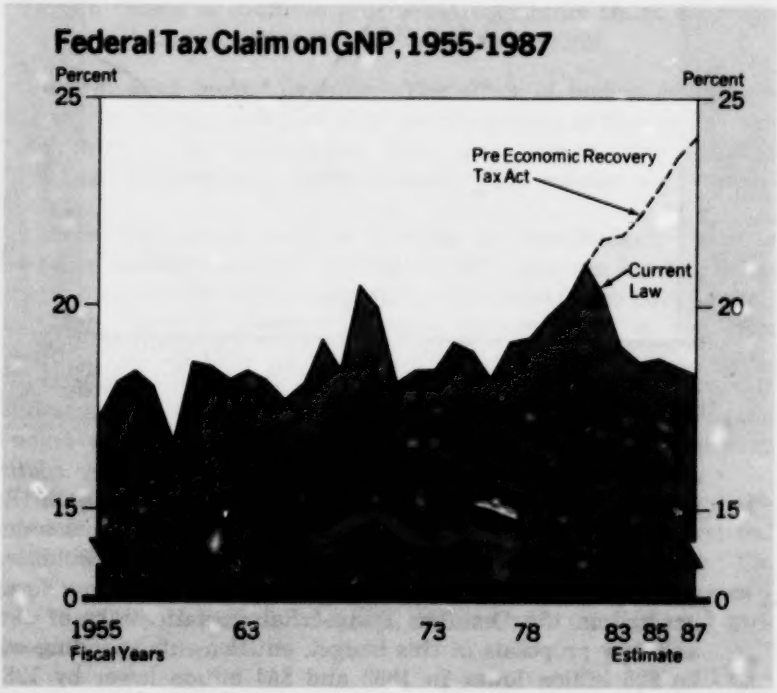
Budget Program and Trends

The shape, direction, and composition of the Federal budget are undergoing dramatic change under this administration. The 1982 budget began this process with long-range measures to reduce Federal spending. The 1983 budget continues and expands this redirection. Together, the actions achieved and actions proposed result in two fundamental changes: a new environment to foster economic prosperity, and a rational and lean realignment of domestic programs, combined with an adequate defense force.

- *Tax, spending, and management initiatives proposed in the 1983 budget will reduce the deficits by $239 billion over the next 3 years.* This figure includes $34 billion in additional revenues, $52 billion in additional entitlement reform, $76 billion in discretionary program savings, $10 billion in new or reproposed user fees, and $68 billion in additional budget savings through improved Government management.
- *The overall growth rate of spending is being dramatically reduced.* After peaking at the unsustainable rate of 17% in 1980, the rate of spending growth will decline to 10% in 1982 and 4% in 1983.
- *The growth path of the Federal budget has been shifted substantially downward.* Under policies in effect before February 1981, total Federal outlays with an adequate defense would have climbed by 12%, or to $755 billion in 1982, with further large increases to $844 billion in 1983 and $916 billion in 1984. As a result of budget reductions enacted last year and the new measures now proposed, the momentum of built-in

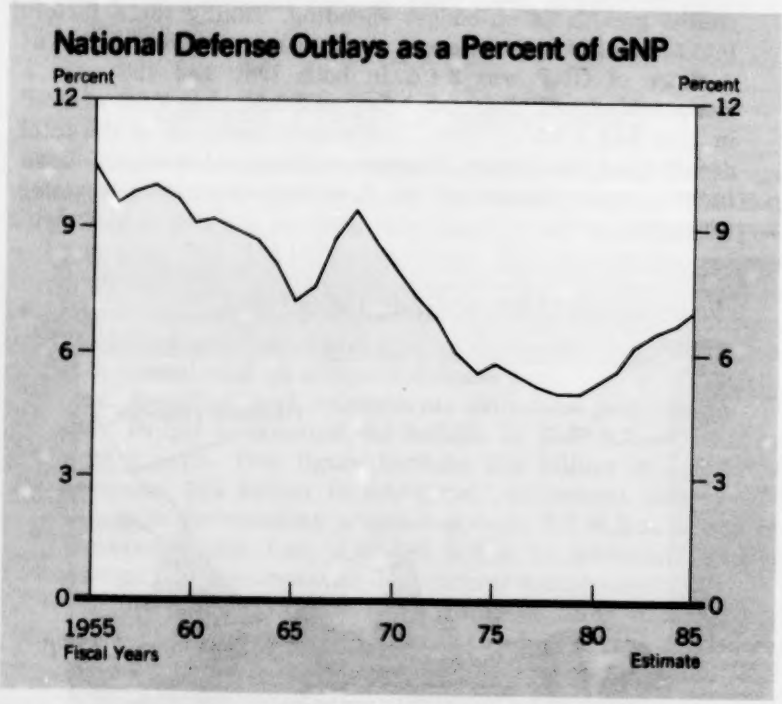
budget growth will slow markedly; outlay reductions total $30 billion in 1982, $88 billion in 1983, and $112 billion in 1984. For the 6 budget years projected in this document, the proposed and achieved reductions total $659 billion.

- *The heretofore rapidly growing Federal Government claim on the private economy is being reversed.* Under tax law in effect prior to August 1981, the receipts share of GNP would have been 21.7% in 1983 and 24.1% by 1986. Under the Economic Recovery Tax Act of 1981, the receipts share under current law will decline to 19.0% in 1983 and to 18.3% by 1987.
- *The underlying imbalance in the Federal budget will be steadily reduced.* The budget imbalance inherited from the previous administration was substantially larger than the reported back-to-back deficits of nearly $60 billion each year for 1980–1981. This is because of underfunding of defense and uncontrolled growth of off-budget spending. Taking these factors into account, a valid measure of the true underlying deficit as a share of GNP was 3.4% in both 1980 and 1981. On a comparable basis, the total deficit will decline to 2.6% of GNP in 1984 and 1.3% by 1987. This steady reduction of the total deficit—and the burden it places on financial markets—is an indispensable element of the President's economic recovery program.



Restructuring of the Federal budget.—These overall trends, which are essential to economic revival, complement the structural changes in the budget that are now being proposed—changes that build on the successful efforts begun in 1982.

- *Real defense spending will rise rapidly in the next several years, and the defense share of the Federal budget will climb steadily.* The under-funding of national defense between 1975 and 1981 substantially complicates the challenge of restoring budget equilibrium. During this period, the real growth in defense spending averaged only 1.8% at a time when Soviet investment growth rates reached unprecedented peacetime levels. As a consequence, the catch-up costs for restoring our military capabilities will be substantial.



- *Entitlement spending growth is being brought under control for the first time since the entitlement explosion began.* Between 1970 and 1981, total spending for entitlements (other than social security) grew from $33 billion to $168 billion, representing a 15.6% annual rate of growth. Due to reforms enacted in the Omnibus Budget Reconciliation Act of 1981 and new proposals in this budget, entitlements spending will be $25 billion lower in 1983 and $44 billion lower by 1987.
- *The budget margin for discretionary programs and lower priority activities will shrink after the tax reduction program is*

fully effective. Tax reform will stabilize receipts as a share of GNP at 18.7% by 1987. Defense, net interest and the social insurance programs—social security, medicare and unemployment insurance—will absorb 15.8% of GNP in 1986. Other Federal budget commitments, therefore, must be steadily reduced if permanent fiscal balance is to be achieved.

- *A major realignment of the responsibilities of Federal, State, and local governments will begin in 1984, reversing the trend of Federal interference in State and local affairs and the bloated growth of Federal grants (from $3 billion in 1954 to $91 billion in 1980).* The President's federalism program will redistribute responsibilities among the units of government in the United States to take advantage of the relative capabilities of each. The Federal Government will take full responsibility for all major Government-financed medical programs including medicaid, which is now a shared responsibility among the various levels of government. In exchange, States and localities will assume full responsibility for public assistance and food stamps—also now shared responsibilities. In addition, the President is proposing that the Federal Government turn back to the States over 40 categorical grant programs that address problems that can best be handled closer to the local level. Along with this shift in responsibility will be a comparable shift of tax resources. States and localities can choose to continue programs, restructure them, or terminate them, according to local needs and desires.

The changing budget baseline.—The effect of budget reductions enacted in the last year and of proposed changes in this budget are highlighted in the table below. This table presents two different spending baselines from which administration policies can be measured.

One is the current services baseline for this budget, which is based on an extrapolation of enacted 1982 program levels. Differences in outlays between this path and administration policy represent the effect of proposed changes recommended in the 1983 budget.

The second baseline is extrapolated from 1981 program levels. It is designed to show the path of the budget prior to the sweeping budget reductions initiated by this administration in February 1981.

Differences between the pre-February 1981 policy path and the current services baseline represent the effect of changes enacted since this administration came into office. Differences between the pre-February 1981 policy path and the 1983 budget estimates measure the total change in spending levels—both enacted and proposed.

THE OUTLAY IMPACT OF ENACTED AND PROPOSED BUDGET CHANGES

(Dollar amounts in billions)

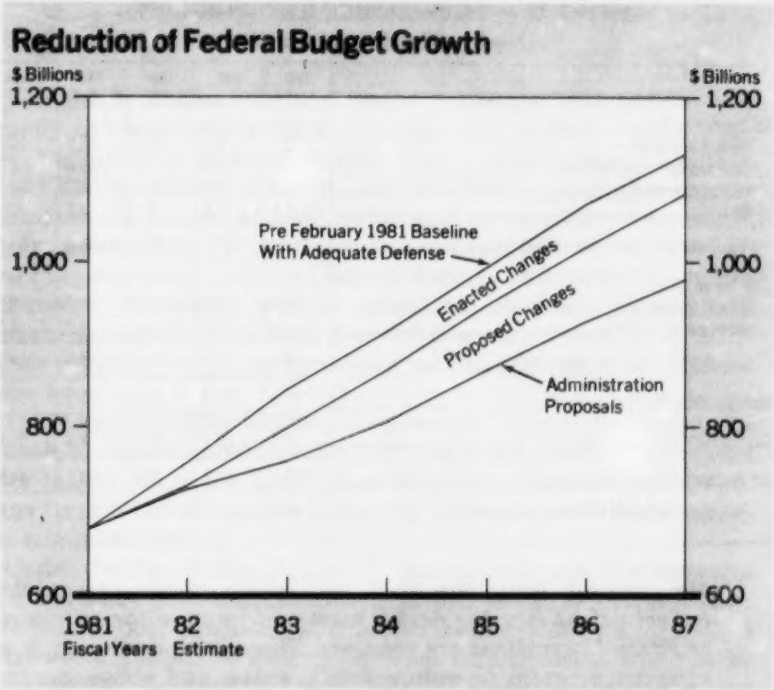
	1982	1983	1984	1985	1986	1987
Pre-February 1981 baseline with adequate defense	754.8	844.0	916.1	994.4	1,069.4	1,132.3
Enacted changes:						
Entitlement programs	−10.6	−14.8	−14.2	−12.2	−12.6	−13.3
Other programs	−16.6	−30.2	−33.3	−35.9	−38.1	−37.3
Subtotal, Enacted changes [1]	−27.1	−45.0	−47.5	−48.0	−50.7	−50.6
Current services baseline with adequate defense	727.7	799.0	868.6	946.3	1,018.7	1,081.7
Proposed changes in the 1983 budget:						
Major decreases:						
Entitlement programs	−1.4	−12.8	−18.1	−23.8	−29.4	−35.9
Other	−1.2	−30.2	−46.7	−56.7	−64.7	−69.0
Subtotal, Decreases	−2.6	−43.0	−64.7	−80.5	−94.0	−104.9
Major increases	0.2	1.8	2.1	2.7	2.3	2.1
Administration budget proposals	725.3	757.6	805.9	868.5	927.0	978.9
MEMORANDUM						
Total savings by major budget category:						
Entitlements	−12.0	−27.6	−32.3	−36.0	−42.0	−49.2
Other	−17.7	−60.5	−80.0	−92.6	−102.7	−106.3
Total savings	−29.7	−88.1	−112.2	−128.6	−144.7	−155.5
Comparative growth rates (percent): [2]						
Pre-February 1981 baseline with adequate defense	11.8	11.8	8.5	8.5	7.5	5.9
After reductions achieved last year	7.8	9.8	8.7	8.9	7.7	6.2
After reductions proposed in the 1983 budget	7.5	4.5	6.4	7.8	6.7	5.6

[1] The outlay savings shown are less than the congressional estimates of the savings associated with the Omnibus Reconciliation Act of 1981 largely because they do not include the reductions associated with shifting the strategic petroleum reserve off-budget and because they reflect different methods of calculating the savings from restraining Federal pay raises and other programs. In addition, the estimates shown reflect the impact of legislation other than the Reconciliation Act.

[2] The 1982 growth rates are calculated from 1981 outlays restated for adequate defense.

The momentum of nondefense spending that existed prior to this administration coming into office, together with adequate defense spending, would have resulted in spending growth of about 9% per year through 1987. Under this path, Federal spending would have remained at 23% to 24% of GNP over the next 5 years. The spending reductions proposed by the administration, when combined with spending reductions enacted last year, reduce the annual rate of spending to about 6% per year. Under this path, spending is reduced to 20% of GNP by 1987, 3 percentage points less than under previous budget momentum.

The 1983 budget deficit reduction program.—Due to the economic influences discussed above and incomplete action on the administration's program last year, the budget deficit would soar into the triple digit range and remain there beyond 1987 without corrective action. Deficits of this magnitude would impose extreme pressures on financial markets, undermine the outlook for continued monetary restraint, reduced inflation and economic growth, and result



in a permanent deficit-to-GNP ratio that is unprecedented in peacetime.

The policy actions proposed in the President's 1983 budget change this picture dramatically as summarized below:

- *Entitlement spending growth is being reduced.* Major new reforms are proposed in the system of medical entitlements, cash assistance and nutrition, Federal retirement plans and guaranteed student loans. They are estimated to reduce outlays by $13 billion in 1983 and $36 billion by 1987. These reforms will restore the original character of those Federal entitlement programs that were meant to ensure reasonable levels of income security for those who, through no fault of their own, need assistance from society.
- *User fees are proposed to recover the cost of programs that provide special benefits to specific users of Government services.* To the extent that special beneficiaries of Federal programs do not pay the full cost of those programs, they are receiving a subsidy. Such subsidies both increase the size of the budget and distort the workings of the marketplace. Increases in user fees are expected to reduce the deficit by $2.5 billion in 1983, $3.5 billion in 1984 and $3.8 billion in 1985. Among the user fees that are being proposed are those that would recover the costs of providing various aviation and navigation services.

360-400 O - 82 - 4 : QL 3

COMPOSITION OF 1983 BUDGET DEFICIT REDUCTION MEASURES

(Dollar amounts in billions)

	1983	1984	1985	Total	Percent
Entitlement savings:					
Medical entitlements	5.1	8.3	12.5	25.9	10.8
Cash assistance and nutrition	4.6	5.2	5.9	15.6	6.5
Federal retirement	0.9	1.8	2.3	5.1	2.1
Other	1.1	1.8	2.1	5.0	2.1
Subtotal, Entitlement savings [1]	11.7	17.1	22.8	51.6	21.5
User fee increases:					
Offsetting receipts	1.2	2.1	2.2	5.5	2.3
Governmental receipts	1.3	1.4	1.6	4.3	1.8
Subtotal, User fee increases	2.5	3.5	3.8	9.8	4.1
Management initiatives	20.3	24.0	23.9	68.2	28.5
Discretionary other programs	14.2	26.1	35.3	75.6	31.6
Tax revisions	7.2	13.5	13.5	34.1	14.3
Total, all deficit reduction measures	55.9	84.1	99.3	239.3	100.0

- *Management initiatives that will substantially reduce the budget deficit over the next 5 years and improve the efficiency of Federal operations are proposed.* These initiatives include a vigorous program to reduce fraud, waste, and abuse; an aggressive program to collect delinquent debts to the Federal Government and to prevent unnecessary new delinquencies from occurring; a further reduction of 75,000 Federal civilian employees over the 1985–87 period; and acceleration of leasing of Outer Continental Shelf (OCS) lands that have the promise of containing oil and gas. In total, these management initiatives will reduce the deficit by $20 billion in 1983 and larger amounts in subsequent years.
- *The administration is proposing reductions in discretionary and other programs that total $14 billion in 1983 outlays.* These cuts are needed to reduce the Federal role in areas that are more appropriately the responsibility of the private sector or of the State and local sector; to eliminate unwarranted subsidies; and to reduce lower priority spending. Examples of such reductions include a reduction of $0.9 billion in energy outlays as responsibilities are shifted to the private sector; a $1.6 billion reduction in transportation-related outlays, with increased responsibility given to States and localities; and a reduction of about $2.5 billion in outlays for health and income security programs due to consolidations, reforms, and tightened eligibility standards.
- *A variety of tax changes designed to eliminate unintended tax benefits and remove obsolete incentives is proposed.* In total

these tax revisions increase receipts by $7.2 billion in 1983, $13.5 billion in 1984, and $16.8 billion by 1987.

The Credit budget.—Federal credit activities have grown very rapidly in recent years, by an average of 21% per year between 1977 and 1981. (In contrast, budget outlays have grown at a rate of 13%.) The allocation of credit through Federal programs absorbs an increasing portion of total credit market resources. As a result, many unsubsidized private borrowers are crowded out of the credit markets, because priority is given to Federal and federally assisted borrowers. Moreover, interest rates are exposed to continual upward pressure. With Federal credit demands absorbing so much of the supply of credit, private borrowers are forced to bid interest rates up.

The administration is making systematic efforts to curtail the growth of Federal credit activity, through the credit budget. Just after taking office, the administration proposed credit budget revisions for 1982 of $21 billion below the level proposed by the previous administration.

Under the President's 1983 credit budget proposals, this restraint will continue. The administration is proposing to decrease new direct loan obligations by $7.4 billion between 1982 and 1983, a decrease of 13%. New guaranteed loan commitments will rise by $11.3 billion between 1982 and 1983. The increase is due to the expected recovery of the housing market from its depressed 1981 level; this will increase the demand for the mortgage insurance programs of the Federal Housing Administration and Veterans Administration substantially. Most other guaranteed loan programs are being held at previous levels or reduced in 1983.

Table 3. **THE CREDIT BUDGET TOTALS**

(In billions of dollars)

	1981 actual	1982 estimate	1983 estimate
Direct loan obligations	57.2	56.4	49.0
Guaranteed loan commitments	76.5	87.1	98.4
Total	133.7	143.4	147.3

Transition of American federalism.—Federal grants to States and localities have grown from $3 billion in 1954 to $10 billion in 1964 and to $91 billion in 1980. In the last 10 years alone, grants to State and local governments have grown at [illegible]verage annual rate of 13%. This growth has caused confusion ab[illegible] both the appropriate use of Federal tax dollars and in the functions of each level of government under our federal system. The administration proposed last year significant reforms in the intergovernmental grant

system through the substitution of block grants, accompanied by decreased regulation, for a large number of categorical grants.

The President's new federalism initiative—announced in the State of the Union Message—is sweeping. It explicitly defines and distinguishes Federal from State and local responsibilities. It also provides for the transfer of revenue resources to the States as federally funded activities become the responsibility of the States and localities.

A major feature of the initiative is to create clear responsibilities for programs now jointly administered or financed by several levels of government. Under the administration's proposal, States and localities would assume full responsibility for public assistance and food stamp programs. In return, the Federal Government would accept full responsibility for the medicaid program that finances medical care for the poor.

The second major feature of the federalism initiative is the tranfer of responsibility for over 40 existing federally financed programs that are actually non-Federal in nature to the States and localities. The States will have 4 years in which to decide whether to carry out these programs themselves, whether to do so in a modified form, or whether to discontinue them.

A third feature of the federalism initiative is that as the program responsibilities are turned over the the States, so will the means of funding them. This will be the case regardless of whether the States choose to substitute their own programs for those that will be phased out.

The result of the federalism transition will be a clear separation of Federal from State and local roles. The Federal Government will have responsibility for:

—Our national social insurance system, including social security retirement, disability, and medicare.

—Aid to the elderly through supplemental security insurance, medicaid, housing assistance, and senior service programs.

—Health insurance and medical assistance, including medicare, medicaid programs, and tax incentives for private insurance.

—Other national concerns, such as compensatory education and head start, higher education support, education for the handicapped, and interstate highways.

The States and localities will have responsibility for:

—Local transportation facilities and services, such as bridges, streets, State and local highways, and mass transit.

—Community development and local capital investment, including sewer treatment plants, neighborhood renewal, and urban revitalization.

—General education.

—Social, health, and nutrition services, such as day care, rehabilitation, community health programs, drug and alcohol treat-

ment, nutrition and health services to low-income families, social work, and protective services.

—Cash assistance to nonelderly needy, through State and local substitutes for existing food stamp and AFDC programs.

Federal debt.—During 1983, Federal debt held by the public is estimated to increase from $913 billion to $1,021 billion, a rise of $108 billion. The corresponding growth during 1982 is expected to be $119 billion. About 85% of the 1982 debt increase is due to the anticipated budget deficit and 15% is due to the outlays of the off-budget Federal entities (discussed at the end of Part III of this document). Gross Federal debt is larger than debt held by the public because it also includes debt held in Federal Government accounts (primarily trust funds). It is projected to rise by $11.2 billion in 1982 and $16.2 billion in 1983.

THE BUDGET OUTLOOK, 1981–87

(Dollar amounts in billions)

	1981 actual	Estimates					
		1982	1983	1984	1985	1986	1987
Budget outlays	657.2	725.3	757.6	805.9	868.5	927.0	978.9
Budget receipts	599.3	626.8	666.1	723.0	796.6	861.0	925.7
Budget surplus or deficit (–)	–57.9	–98.6	–91.5	–82.9	–71.9	–66.0	–53.2
As a percent of GNP:							
Budget outlays	23.0	23.5	22.1	21.3	20.9	20.4	19.7
Budget receipts	21.0	20.3	19.4	19.1	19.1	18.9	18.7
Budget surplus or deficit (–)	–2.0	–3.2	–2.7	–2.2	–1.7	–1.5	–1.1

Part II
BUDGET RECEIPTS

This section describes the major sources of budget receipts and the legislative proposals and administrative actions affecting them. The economic assumptions underlying the estimates are presented in Part I.

Summary

Total budget receipts in 1983 are estimated to be $666.1 billion, an increase of $39.4 billion from the $626.8 billion estimated for 1982. Receipts in 1984 and 1985 are estimated to be $723.0 billion and $796.6 billion, respectively. These estimates include the effects of:

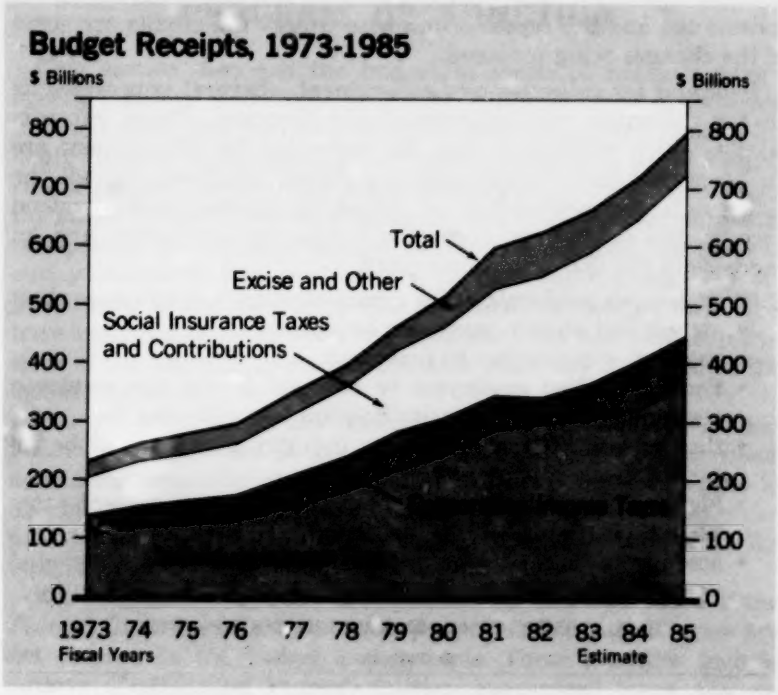
- the income tax reductions and other tax changes provided in the Economic Recovery Tax Act of 1981;
- increases in social security taxes scheduled under current law;
- the proposed tax revisions and improvements in tax collection and enforcement; and
- other receipts measures that are included in the President's budget proposals.

Composition of budget receipts.—The Federal tax system relies predominantly on income and payroll taxes. In 1983:

- Income taxes paid by individuals and corporations are estimated at $304.5 billion and $65.3 billion, respectively. Combined, these sources account for 55.5% of the 1983 total.
- Social insurance taxes and contributions—composed largely of payroll taxes levied on wages and salaries, most of which are paid equally by employers and employees—will yield an estimated $222.5 billion, 33.4% of the total.
- Excise taxes, including the crude oil windfall profit tax, are expected to provide $41.7 billion, 6.3% of the total.
- Estate and gift taxes, customs duties and miscellaneous receipts are estimated at $32.1 billion, the remaining 4.8% of the total.

Under the tax policy assumptions presented in this budget, the income tax share of total receipts is projected to decline to 56.5% by 1985, 1.4 percentage points less than for 1981. This decline is the net effect of a 2.3 percentage point decline in the individual income tax share that is partially offset by a 0.9 percentage point increase in the corporation income tax share from 10.2% in 1981 to 11.1% in 1985.

Social insurance taxes and contributions are projected to rise as a share of total receipts from 30.5% in 1981 to 34.3% in 1985. The projected share of all other receipts declines by 2.4 percentage points between 1981 and 1985.



The Economic Recovery Tax Act of 1981

The Economic Recovery Tax Act of 1981, signed by President Reagan on August 13, 1981, is an integral part of the administration's economic recovery program. This Act, which provides incentives for work, saving, and investment, is estimated to reduce receipts by $38.3 billion in 1982, $91.6 billion in 1983, $139.0 billion in 1984, and $176.7 billion in 1985.

The major provisions of the Act include an across-the-board reduction in individual income tax rates and other reductions in individual income taxes; the annual adjustment of the zero bracket

amount, the personal exemption, and individual income tax brackets for inflation beginning in 1985; and the accelerated depreciation of capital expenditures. The Act also provides incentives for saving and small business investment, reductions in estate and gift taxes, reductions in corporation income tax rates, and reductions in windfall profit taxes for certain producers and types of oil.

Receipts Proposals

Tax revisions.—The administration is proposing a variety of tax changes designed to eliminate unintended tax benefits and remove obsolete incentives. The strengthening of the minimum corporate income tax and the repeal of business energy tax credits are some of the changes being proposed.

Improved tax collection and enforcement.—Several improvements in tax collection and enforcement are proposed. These improvements, which will ensure that the taxes due the Government are paid and that they are collected on a more timely basis, include the following: the withholding of taxes on interest and dividend income, the speed-up of corporate income tax payments, and an increase in the IRS enforcement staff.

Other receipts proposals.—The administration also proposes that:

- airport and airway user taxes be increased;
- passport and visa fees be increased;
- Federal civilian employees be required to pay the employee portion of the social security hospital insurance tax;
- the railroad retirement system industry pension fund be returned to the private sector;
- highway trust fund taxes be extended at their present rates after September 30, 1984; and
- special tax incentives be provided depressed areas designated as "enterprise zones."

EFFECT OF ADMINISTRATIVE ACTION AND PROPOSED LEGISLATION [1]

(In billions of dollars)

	1982	1983	1984	1985
Tax revisions		7.2	13.5	13.5
Improved tax collection and enforcement	0.2	5.5	5.5	4.7
Airport and airway trust fund	0.1	1.2	1.4	1.5
Passport and visa fees	*	0.1	0.1	0.1
Federal employee hospital insurance taxes		0.6	0.8	0.9
Railroad retirement		−1.7	−1.8	−1.9
Highway trust fund				4.2
Enterprise zones			−0.1	−0.5
Other		*	*	*
Total	0.3	12.8	19.3	22.5

* 50 million or less.

[1] These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects are taken into account for forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

Part III

MEETING NATIONAL NEEDS: THE FEDERAL PROGRAM BY FUNCTION

This section discusses the budget in terms of national needs, agency missions, and major programs. National needs are defined in broad areas that provide a coherent and comprehensive basis for analyzing and understanding the budget. In addition to the categories of national needs, three other categories are required to cover the entire budget. Interest, allowances, and undistributed offsetting receipts do not address specific national needs, but are general outlay categories that are included in the budget totals. Tax expenditures, which include special provisions of the tax code that have results similar to spending programs, but use special provisions of the tax code to accomplish their goals, are discussed at the end of this section.

The budget amounts are classified by budget functions so that Federal activities can be grouped in terms of the national needs addressed. Generally, these groupings are made without regard to agency organizational distinctions. They are also the categories used by the Congress in developing concurrent resolutions on the budget.

While budget outlays are the most obvious single measure of the Federal Government's use of resources, some Federal activities are not covered by the budget outlay totals. These activities include outlays of off-budget Federal entities, guaranteed loans, tax expenditures, other provisions of the tax laws, and regulations. Major activites in some of these categories are discussed in the sections that follow. More detailed discussions are contained in the other budget volumes.

Off-budget Federal entities are federally owned and controlled, but their transactions have been excluded from the budget totals by law. Their spending is part of total Federal spending but is not reflected in the budget totals, though Treasury borrowing to finance their outlays does add to the Federal debt. Spending by these entities (primarily loans) does not differ in nature or effect from spending of other Federal programs. Outlays for off-budget entities are shown near the end of this section.

360-400 O - 82 - 5 : QL 3

Guaranteed loans are loans for which the Government guarantees the payment of the principal or interest in whole or in part. Loan guarantees may significantly affect resource allocation in the economy by diverting private credit from one activity to another. Most guarantees support housing, although in recent years they have been used increasingly for other purposes such as student loans. In general, loan guarantees do not result in budget outlays unless a default occurs and, in the past, loan guarantees were not subject to the same review and control as budget outlays. Now, through the credit budget, which has been in place for 3 years, the administration proposes to subject loan guarantees and direct loans to greater budget discipline.

Tax expenditures are provisions of the individual and corporation income tax laws that allow a special exclusion, deduction, or exemption from income, a preferential rate of tax, a special credit, or a deferral of tax liability. Nearly all tax expenditures are intended either to encourage particular economic activities or to reduce the taxes of persons in special circumstances.

NATIONAL DEFENSE

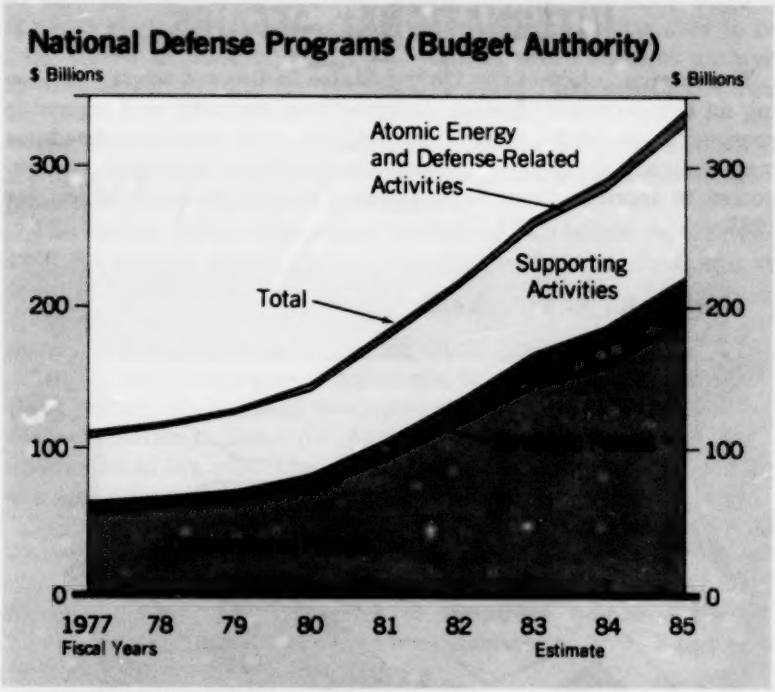
This function includes activities directly related to the defense and security of the United States. To fulfill its commitment to strengthen our military capabilities, the administration requests an increase in budget authority for national defense from $218.9 billion in 1982 to $263.0 billion in 1983. Outlays are estimated to be $187.5 billion in 1982, rising to $221.1 billion in 1983.

Conventional Forces

Conventional forces deter or respond to nonnuclear military threats. The major elements of these forces are pay and benefits for military personnel; purchase, operation and maintenance of conventional weapons such as ships and aircraft; procurement of ammunition and spare parts; and training. Budget authority of $143.8 billion is requested for these forces in 1983, 55% of the total budget authority for this function. Major acquisitions are to include new helicopters and M-1 tanks for the Army, new Navy ships, and various Air Force aircraft.

Strategic Forces

The budget includes proposals that continue the administration's plan for modernizing strategic forces by developing a new, large, intercontinental ballistic missile (the MX), continuing procurement of Trident submarines (which carry ballistic missiles), and developing and purchasing a new manned bomber (the B-1B).



Supporting Activities

Supporting defense activities include research and development, training and medical services, central supply and maintenance, and other activities. Budget authority of $90.6 billion is requested for these activities in 1983. Defense research and development programs are intended to devise new and better weapons systems to meet changing military needs. They involve a broad range of activities, from basic research to construction of full scale prototypes of weapons systems.

Atomic Energy Defense

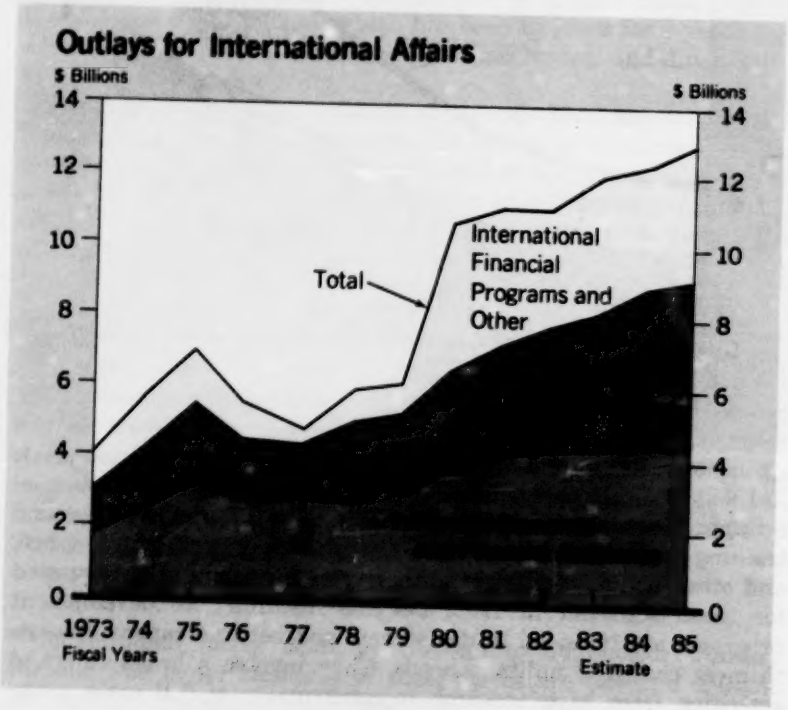
The defense function includes development, testing, and production of nuclear weapons and of reactors for nuclear-powered ships. Budget authority of $5.5 billion is requested for this work in 1983.

Defense-Related Activities

The Federal Government owns stockpiles of strategic materials and develops civil defense plans. The selective service system is also included in this function.

INTERNATIONAL AFFAIRS

The foreign policy of the United States is directed toward achieving an environment of peace, international security, and economic prosperity, in which individual political and economic freedoms may flourish. Outlays for international affairs programs are expected to increase from $11.1 billion for 1982 to $12.0 billion for 1983.



Foreign Aid

Outlays for international security assistance programs are estimated to increase from $3.5 billion in 1982 to $3.8 billion in 1983. These programs are vital instruments of United States national security and foreign policy that enable us to help friendly and allied governments improve their national defense and promote economic and political stability.

Security assistance programs are designed to promote peace in the Middle East; strengthen NATO; and support countries in Asia, Africa, and Latin America threatened directly or indirectly by Soviet expansionism. They enable the United States to secure access to military bases and facilities overseas and contribute to peacekeeping operations. The major programs in this area are the

foreign military sales credit program and the economic support fund. Outlays for foreign military sales credit are estimated to be $4.6 billion in 1983 of which $3.7 billion are off-budget outlays. Estimated outlays for the economic support fund are $2.7 billion for 1983.

The budget includes proposed legislation for a new anti-terrorist training and assistance program to help friendly governments deal more effectively with terrorist crimes.

The budget includes estimated outlays of $4.3 billion in 1982 and 1983 for foreign economic and financial assistance. Programs in this area support the foreign policy interests of the United States by promoting economic development in Third World countries and providing humanitarian aid to needy people abroad.

Multilateral development assistance is carried out by the World Bank group and regional development banks, the United Nations, the International Fund for Agricultural Development and other international organizations. Estimated outlays for multilateral development assistance for 1983 are $1.5 billion.

Bilateral development assistance programs are carried out by the Agency for International Development (AID). The administration's initiatives in AID programs include increased use of American and foreign private sector resources to encourage economic development. Outlays for AID programs are estimated to be $1.6 billion in 1982 and $1.7 billion in 1983.

Public Law 480 food aid (P.L. 480) serves security, developmental and humanitarian objectives. Estimated outlays of $1.0 billion for 1983 for P.L. 480 would be concentrated on the poorest countries, on countries of high importance to the United States, and on refugee needs.

International Financial Programs and Other

To support the stable expansion of the international economy, the United States is active in international financial programs that improve the functioning of the international financial system, facilitate U.S. participation in world trade, and stabilize commodity markets.

The Export-Import Bank provides direct loans and loan guarantees to encourage the export of U.S. goods and services. The administration proposes to continue the current policy of restraining the growth of Federal credit programs while enabling the Export-Import Bank to meet selected foreign competition.

Other international financial programs include a special defense acquisition fund, the foreign military sales trust fund, and support for international commodity agreements and international monetary programs. The budget includes estimated outlays of $1.3 billion for 1982 and $1.5 billion for 1983 for all international financial programs.

Proposed increases for the Department of State's political and economic reporting activities and enhanced security measures at overseas posts emphasize the administration's commitment to a rigorous pursuit of American interests abroad. Outlays for the administration of foreign affairs are estimated to be $1.2 billion in 1983.

The United States is a member of the United Nations and over 50 other international organizations. The administration places a high priority on more efficient management of these organizations and intends to set limits on their growth through deletion of obsolete and low priority activities. Estimated outlays for contributions assessed by these organizations are $0.5 billion in 1982 and $0.6 billion in 1983.

The Soviet Union has engaged in a growing global propaganda campaign to undercut U.S. foreign policy objectives. The administration's estimate of $0.7 billion in outlays for foreign information and exchange activities includes expanded efforts by the International Communication Agency to combat Soviet propaganda efforts and to provide accurate information about U.S. policy and objectives.

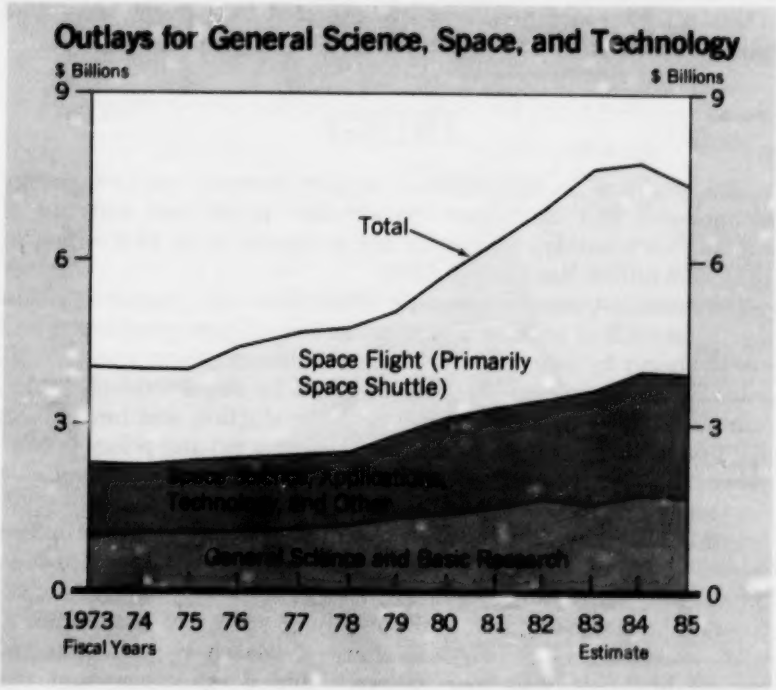
GENERAL SCIENCE, SPACE AND TECHNOLOGY

The programs in this function help to assure the long-term scientific and technological strength of the Nation by supporting basic research and space research and technology. Estimated outlays in this function are expected to increase from $6.9 billion in 1982 to $7.6 billion in 1983.

The budget includes proposals that increase funding for the most pertinent and promising areas of scientific inquiry, while less emphasis is given to lower priority programs. Continued support is provided for a vigorous space program including the development of the Space Shuttle.

General Science

For many years, the Federal Government has supported basic research that is in the broad interest of the Nation, primarily through the National Science Foundation (NSF). The 1983 budget includes $1.0 billion in outlays for the NSF, $0.1 billion less than in 1982. Although outlays decrease in 1983 due to an unusually high level of spending in 1982, the administration requests an 8% increase in budget authority for the NSF in 1983. This includes growth above estimated cost increases due to inflation in the natu-



ral sciences and engineering. Savings are proposed in the NSF's science education program.

Outlays are estimated to be about $0.6 billion in 1983 for research to be supported by the Department of Commerce in high energy physics, nuclear physics, life sciences, and nuclear medicine.

Total outlays for general science programs are estimated to be $1.6 billion in 1983.

Space

This category includes the space programs of the National Aeronautics and Space Administration. The administration gives the highest priority to completion of the initial development of the Space Shuttle and the beginning of regular operations and to completion of the satellite tracking and data relay system.

The Space Shuttle made its first two flights in 1981, pointing the way to regular flights in the future. New capabilities of the Shuttle, such as the ability to repair satellites in space or to retrieve objects from earth orbit, promise a new era in man's ability to use space.

Increased funding is proposed to allow continued development of a spacecraft to study Jupiter and other ongoing space flight projects to study the solar system and the universe.

Outlays for space programs are expected to increase from $5.3 billion in 1982 to $6.1 billion in 1983.

ENERGY

The programs in this function support research on new energy technologies and encourage the efficient production and use of energy. Total outlays for energy are estimated to be $4.2 billion in 1983, $2.2 billion less than in 1982.

The administration's spending reductions are proposed within the framework of policies to encourage the efficient production and use of energy by reducing Government intervention in energy markets. Price controls on oil were removed by the President, which stimulated new investments in energy production and new efforts at conservation. The administration's market pricing policy is complemented by a tax policy that makes additional capital available for energy investment.

Reductions have been made, and further reductions are proposed in this budget, for a variety of energy programs that have provided unnecessary subsidies to business or have demonstrated little effectiveness in increasing either the supply of energy or the efficiency with which we use it. Federal energy research is to be directed toward high-risk, long-term research and development that the private sector is unlikely to undertake.

Energy Supply

Federal spending for energy supply includes research programs to assist industry in the further development of fossil, geothermal, and solar energy, and nuclear fission and fusion power.

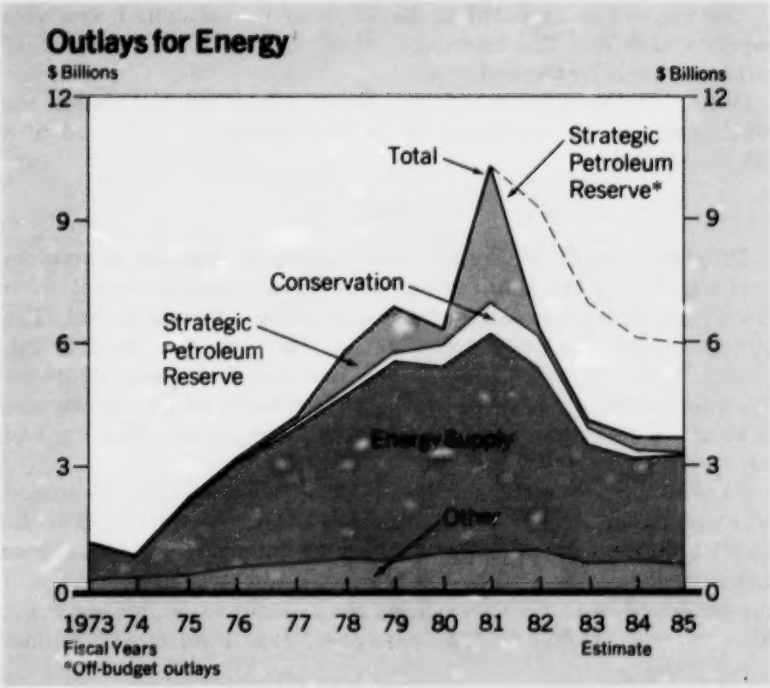
Particular emphasis is placed in this budget on improving the safety of existing nuclear power plants and developing safe ways to dispose of nuclear waste. A user fee, to be paid by operators of nuclear power plants, is proposed to pay for nuclear waste disposal.

Outlays for research and development programs are expected to be $2.1 billion in 1983, a decrease of $1.5 billion from the 1982 estimate.

The Federal Government directly produces and sells enriched uranium for nuclear power plants; oil from Government-owned fields in California and Wyoming; and electricity through five regional power marketing administrations and the Tennessee Valley Authority. Net outlays for these programs are expected to be $0.8 billion in 1982 and 1983.

Conservation

In addition to encouraging domestic production, the removal of price controls on oil has encouraged further efforts at energy con-



servation. Oil imports (except oil purchased for the strategic petroleum reserve), have dropped from about 7.9 million barrels per day in 1979 to about 5.1 million barrels per day in 1981. We are using 14% less oil today than we were using 2 years ago. Less fuel is being used to run a larger economy.

Because of the administration's return to a market pricing policy for energy, the need for Federal spending on conservation programs has been markedly reduced. Conservation grant programs are to be phased out and research is to be limited to support of longer term programs. Outlays for conservation are estimated to be reduced from $0.7 billion in 1982 to $0.3 billion in 1983.

Strategic Petroleum Reserve

Emergency energy preparedness programs are intended to help the economy to adjust to disruptions in the supply of oil. A stockpile of oil (called the strategic petroleum reserve) that can be used in the event of such a disruption is the major program for this purpose.

The Omnibus Budget Reconciliation Act of 1981 moved outlays for oil purchases for the reserve from the budget beginning in 1982. Outlays for oil for the reserve, which are excluded from the budget, are estimated to be $2.8 billion in 1982 and 1983.

360-400 O - 82 - 6 : QL 3

The reserve is expected to be filled to its estimated available capacity of 267 million barrels of oil at the end of 1982 and to 343 million barrels by the end of 1983.

Outlays for construction of the reserve, which are included in the budget totals, are estimated to be $0.2 billion in 1982 and $0.3 billion in 1983.

Other

The Department of Energy was created to address a problem that was largely the result of excessive Government intervention in energy markets, especially the use of price controls on oil. The budget includes proposals that would dismantle the Department, eliminate its unnecessary functions, and distribute most of its remaining essential functions to the Departments of Commerce and Interior. These proposals are expected to increase efficency and reduce overhead costs.

Total outlay savings from the program reductions and increased efficiency measures proposed in this budget are estimated to be about $1 billion in 1983. Outlays in this category, which includes energy information and regulatory activities, overhead costs, and the programs of the Nuclear Regulatory Commission, are expected to be reduced by $0.3 billion below their 1982 level of $1.0 billion.

NATURAL RESOURCES AND ENVIRONMENT

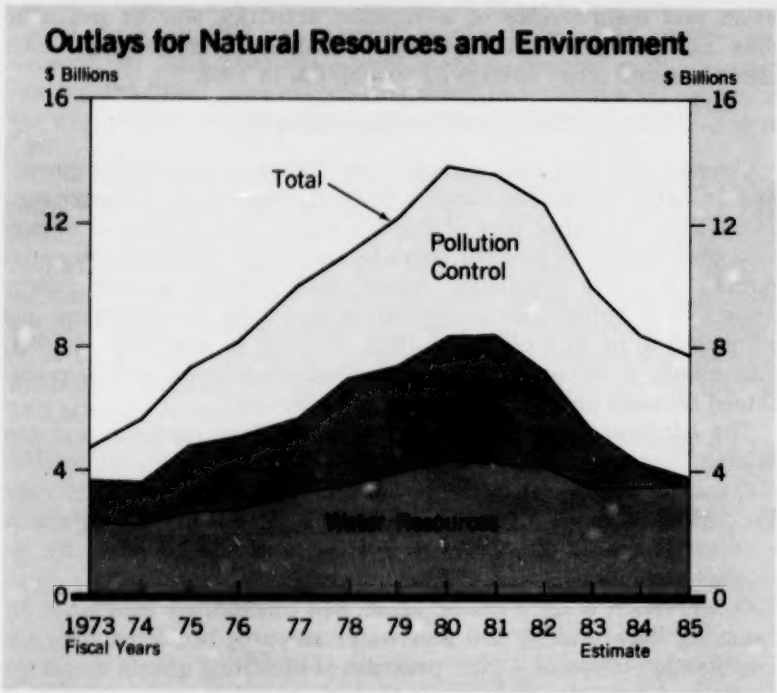
The primary purposes of the programs in this function are to manage, conserve and develop the Nation's publicly owned resources and to protect the environment. Total outlays for this function in 1983 are estimated to be $9.9 billion, a decrease of $2.7 billion from 1982.

Pollution Control

The Federal Government works with State and local governments to protect the public health and welfare by controlling pollution of the air, water, and land. Federal outlays for pollution control are estimated to be $5.4 billion in 1982 and $4.6 billion in 1983. Ninety-one percent of the decrease in 1983 is due to reductions in sewage treatment plant construction.

Recently enacted legislation will reduce the long-term Federal commitment to financing sewage treatment projects. This will be accomplished by restricting funding eligibility, beginning in 1985, to only those projects that significantly improve water quality.

The President has proposed that sewage treatment plant construction be included in his federalism initiative, which is discussed in Part I of this document and Part 3 of the 1983 *Budget*.



Outlays are expected to increase $0.1 billion over 1982 to clean up abandoned hazardous waste sites and chemical spills. Most of this activity is financed by a tax on the oil and chemical industries.

The administration's regulatory reform program includes more efficient and effective regulations and procedures, and concentration of resources on those regulations or research that will achieve the greatest environmental improvements. Federal oversight of States' authorities in pollution control will be significantly reduced.

Water Resources

The Federal Government plans, constructs, and maintains water resources projects. Federal water projects include flood control, water supply systems, irrigation, development and maintenance of inland waterways and harbors, hydroelectric power development, erosion control, and recreation and wildlife preservation. Outlays for water resources programs are estimated to be $4.1 billion in 1982 and $3.4 billion in 1983.

The administration believes that waterway and harbor users are able to and should pay for most Government navigation services. Outlays for navigation projects are estimated to decline by $0.3 billion in 1983. Without enactment by the Congress of user fees to offset appropriations, as proposed by the President, funds for oper-

ation and maintenance of navigation activities will be available only for facilities with high commercial use. The proposed user charges would offset outlays by $0.4 billion in 1983.

Conservation and Land Management

Conservation and land management programs provide for energy and mineral extraction, timber harvest, rangeland management, recreation, and other uses of Federal lands. The regulation of surface coal mining to prevent degradation of the land and the reclamation of lands previously mined both protect against future abuses. Net outlays for conservation and land management are estimated to be $1.5 billion in 1983, $0.7 billion less than in 1982, due mainly to increases in receipts. Production levels will be maintained through improved management efficiency.

The administration expects timber production, coal, oil, and gas leasing, and other energy development on public lands to accelerate, raising outlays for conservation and land management. Higher Federal costs, however, will be restrained by efforts to accomplish these activities as efficiently as possible and will be offset by increased receipts.

Conservation of agricultural lands will concentrate assistance on resolving high priority soil and water resource problems. The administration proposes a pilot program of matching grants to induce States and localities to increase their financial support of soil and water conservation activities.

Recreation

Outlays for Federal activities to acquire, develop, and operate recreation areas, historic sites and wildlife refuges are estimated to be $1.4 billion in 1983, a 16% decrease from 1982. Spending should be directed primarily toward improving and adequately maintaining existing recreational resources rather than toward acquiring new public lands and facilities.

AGRICULTURE

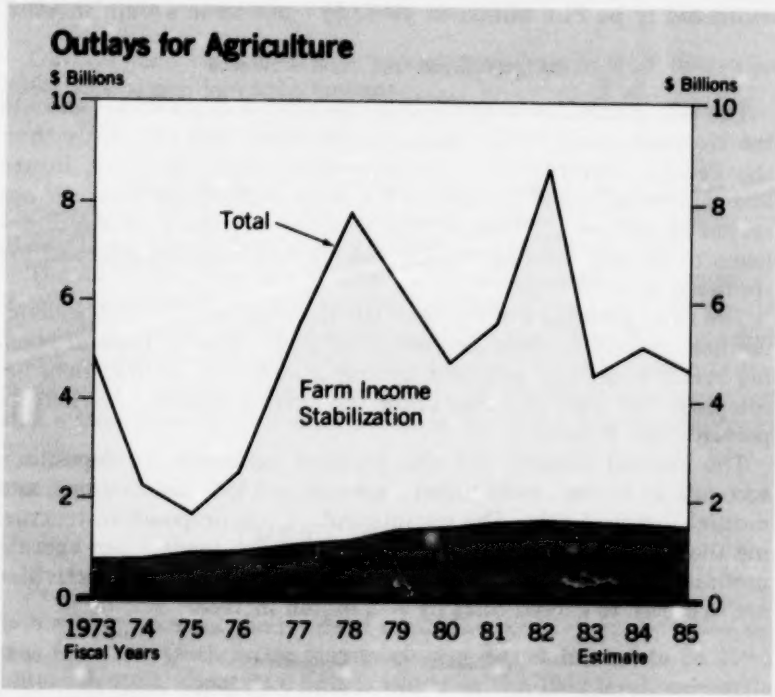
Federal agriculture programs promote economic stability in farm markets and enhance the productivity of the agricultural sector through research and other services. Total outlays for agriculture in 1983 are expected to be $4.5 billion, a decrease of $4.1 billion from 1982.

Farm Income Stabilization

Price support, crop insurance, and agricultural loan programs are the largest programs in this category. The Agriculture and Food Act of 1981 allows price support programs, which help protect

farmers from unpredictable declines in agricultural prices, to respond more flexibly to changes in the balance of supply and demand for farm products. These changes, coupled with improved market conditions, are expected to result in a substantial reduction in price support outlays from $6.3 billion in 1982 to $1.8 billion in 1983.

New obligations for direct loans by the agricultural credit insurance fund totaled $8.0 billion in 1981, with about 79% of this amount going for disaster and economic emergency loans. New obligations should decline to $3.7 billion in 1982 and 1983, largely because of the transition from emergency loans to crop insurance as the primary Federal means of alleviating the harm to producers from crop losses caused by natural hazards. Outlays for the crop insurance program are estimated to increase by 50% in 1983 to $0.3 billion.



Agricultural Research and Services

Agricultural research programs help develop new knowledge about crops and animals and distribute that knowledge to farmers and others in the agricultural industry. Federal agricultural research in 1983 will emphasize projects that are long-term and high risk. Research and development that should be financed by private industry is proposed to be phased-out. Estimated outlays for agri-

cultural research in 1983 are $0.7 billion, which is about the same as the level estimated for 1982.

Agricultural services include marketing, animal and plant health inspection programs and the collection and distribution of economic data. Outlays for agricultural services are estimated to be $0.9 billion in 1983.

COMMERCE AND HOUSING CREDIT

The basic purposes of the programs in this function are to direct housing and commerce credit resources to those not adequately served by private credit markets, ensure the viability of banking and thrift deposits, and provide a subsidy, through the Postal Service, to certain classes of mail. Total outlays for this function are estimated to be $1.6 billion in 1983, $1.7 billion less than in 1982.

Mortgage Credit and Thrift Insurance

The administration believes that the private market can allocate the Nation's credit resources more effectively and efficiently than the Federal Government. The Government does, however, insure and guarantee home mortgages for some individuals who are not served by the private market. The Government also provides direct loans to finance housing for the elderly, the handicapped, and for residents of rural areas.

The most pressing need of both the housing industry and individual homebuyers is lower interest rates. Reductions in Federal housing credit programs proposed by the administration will help accomplish this goal and also allow the private housing market opportunity for growth.

The Federal Government also provides insurance for depositor's accounts in banks, credit unions, savings and loan associations, and mutual savings banks. The administration has proposed restructuring the thrift industry to ensure that mortgage lenders can operate profitably over the long term. Receipts for housing credit activities are expected to exceed costs by $0.2 billion in 1983.

Advancement of Commerce

Guaranteed loans for small businesses and the collection and distribution of economic and other data are the primary purposes of the programs classified in this category.

The administration proposes to reduce Federal competition for credit resources and thereby increase the availability of private credit for businesses. The budget includes proposals to eliminate Small Business Administration (SBA) subsidized direct loans and to reduce guaranteed loans by 10% below 1982 levels.

OUTLAYS FOR COMMERCE AND HOUSING CREDIT

(In billions of dollars)

	Mortgage credit and thrift insurance	Postal Service	Other [1]	Total
1973	−1.2	1.6	0.6	0.9
1974	1.5	1.7	0.7	3.9
1975	2.8	1.9	0.9	5.6
1976	1.2	1.7	0.9	3.8
1977	−3.3	2.3	1.1	0.1
1978	0.2	1.8	1.3	3.3
1979	−0.7	1.8	1.5	2.6
1980	3.7	1.7	2.4	7.8
1981	0.7	1.3	2.0	3.9
1982 estimate	0.9	0.6	1.7	3.3
1983 estimate	−0.2	0.5	1.3	1.6
1984 estimate	−0.4	0.5	1.2	1.3
1985 estimate	−2.1	0.5	1.1	−0.5

[1] Includes other advancement of commerce and small amounts of offsetting receipts.

Outlays for this subfunction are expected to be $1.3 billion in 1983, $0.4 billion less than in 1982.

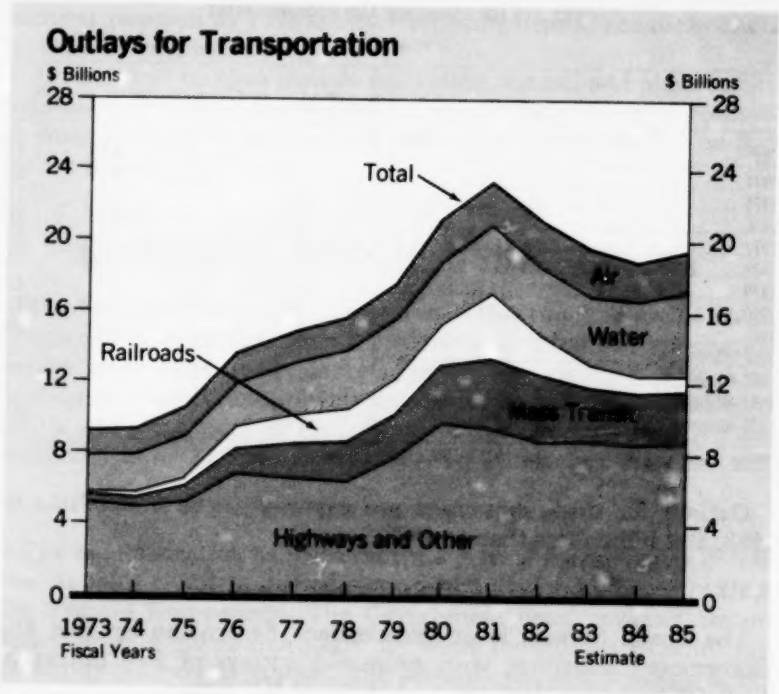
Postal Service

The Postal Service is an independent Federal entity that the Government subsidizes with estimated outlays of $0.5 billion in 1983. Off-budget outlays are an additional $0.7 billion.

The administration has proposed that direct Postal Service subsidies be eliminated, since the cost of specialized mail services should be paid by users, not by the general taxpayer. However, subsidies will continue to be made to specific classes of educational, informational and charitable mail, designated by the Congress, including those that provide free mail services for blind and handicapped people.

TRANSPORTATION

Programs that have the primary goal of providing a transportation system to meet the needs of commerce and the public make up this function. Outlays for transportation are estimated to be $19.6 billion in 1983, about $1.6 billion less than the 1982 level, primarily because of a decrease in Federal support for mass transit programs and the completion in 1982 of extensive legal actions affecting railroads. Transportation programs that should be the responsibility of State and local governments are included as part of the President's federalism initiative, which is discussed in Part I of this document and Part 3 of the 1983 *Budget*.



Highways

The interstate highway system was initiated by the Federal Government during the 1950's to provide the Nation with a safe, modern highway system. The 42,500 mile system is about 96% complete.

The budget includes proposals that would emphasize completion of high priority sections of the interstate system and shift resources toward maintenance of the existing sections of the system. Greater discretion and responsibility is proposed for State and local governments to allow them to build and maintain highways that will serve State and local traffic. Outlays for highways are expected to be $8.3 billion in 1983.

Mass Transit

Federal support for mass transit is directed toward maintaining existing transit systems that are an essential part of large urban transportation networks. The budget request restricts most construction grants to modernization and repair of existing transit systems and phases out all operating subsidies over 3 years. Federal subsidies for operating costs have tended to discourage increased productivity while Federal regulations attached to those subsidies

increase costs. Estimated outlays for 1983 are $3.2 billion, $0.6 billion less than in 1982.

Railroads

Federal subsidies and other funding for railroad freight and passenger service are estimated to be $1.2 billion in outlays in 1983, which is about half of the 1982 level. The improved financial prospects for the railroad industry and increased reliance on the private sector permit reductions in select Federal railroad assistance programs.

Conrail, which provides freight service in the northeast and midwest sectors of the U.S., earned a small profit in calendar year 1981 and projects higher profits in 1982. It will not need direct Federal subsidies in 1983.

The 1983 request for grants to the National Railroad Passenger Corporation (Amtrak) has been reduced in part because the Amtrak Improvement Act of 1981 requires that Amtrak cover 50% of its costs with revenues from fares and other sources.

Air Transportation

Federal spending for air transportation is for the improvement, operation, and maintenance of the national airspace system, aeronautical research and technology, and subsidy of airlines providing service to local communities.

The budget includes a revised aviation user fee proposal that will result in the deposit of about $2.7 billion in revenues into the airport and airway trust fund in 1983. When the Congress approves this proposal and authorizes funding of 85% of FAA programs from the trust fund, the administration will support an increase in FAA capital programs and reauthorize the program of airport grants. The revised user fee and capital proposals reflect the administration's commitment to modernizing the national airspace system and its belief that users should pay the costs of improvement, operation, and maintenance of the system.

Outlays for air transportation are estimated to be $4.0 billion in 1983, $0.3 billion more than in 1982.

Water Transportation

The Coast Guard has traditionally assumed the responsibility for patrolling the Nation's harbors and coastlines. The budget for the Coast Guard continues ongoing programs for the upgrading of its aging capital plant through replacement of older Coast Guard cutters and aircraft, thus improving the efficiency of its operations.

User fee legislation will be proposed in early 1982 to recover the cost of Coast Guard services that provide benefits to individuals or enterprises. Legislation proposed by the administration will call for

recovery, through user fees, of 100% of Coast Guard operating costs that can be so identified.

The budget reflects the decision not to request subsidies for the construction of new ships for the U.S. merchant marine in 1983. For the operating subsidies program, outlays are estimated to be $0.5 billion in 1983 to meet the Government's obligations under existing contracts. Administrative changes will be made to hold down escalating costs for this program.

Total outlays for water transportation are estimated to decline from $2.8 billion in 1982 to $2.6 billion in 1983.

COMMUNITY AND REGIONAL DEVELOPMENT

Broad-based programs to promote the economic and social viability of urban and rural areas are included in this function. Outlays for community and regional development are estimated to be $7.3 billion in 1983, $1.1 billion less than in 1982.

The President has proposed that the responsibility for several programs classified in this function be turned back to the States as part of his federalism initiative. This initiative is discussed in Part I of this document and in Part 3 of the 1983 *Budget*.

Community Development

Community development assistance is provided primarily by the Department of Housing and Urban Development. Two of the Department's principal community and economic development programs are the community development block grant and urban development action grant programs.

The community development block grant program provides assistance to localities that helps them to undertake projects such as the rehabilitation of housing and the improvement or expansion of public facilities, principally for the benefit of low- and moderate-income families. The budget authority request of $3.5 billion in 1983 is unchanged from 1982. Outlays are expected to be $3.4 billion in 1983.

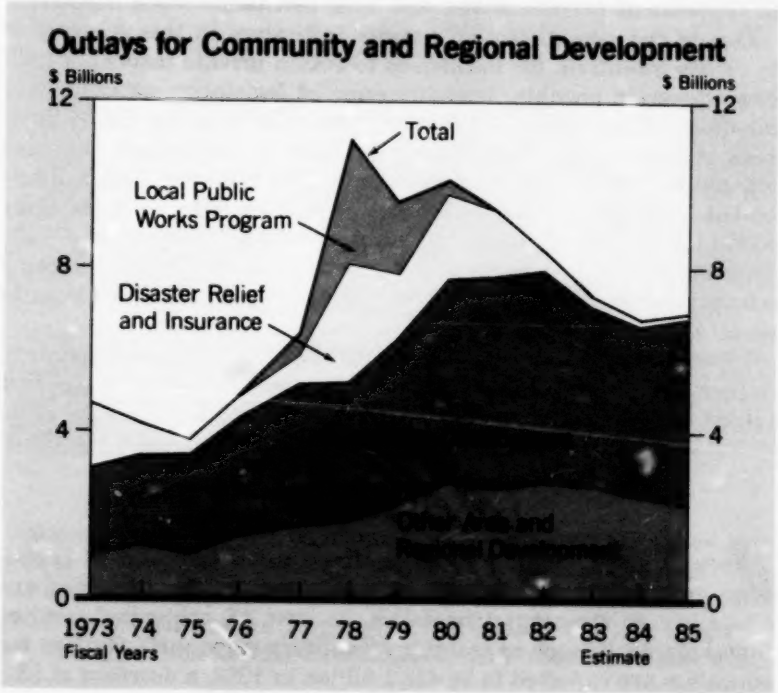
The urban development action grant program provides distressed localities with supplemental funding for specific economic development projects. These funds, together with private, State, and local funds, promote private investment and jobs in selected areas. The administration's budget authority request of $0.4 billion in 1983 is unchanged from 1982. Outlays for this program are estimated to increase slightly to $0.6 billion in 1983.

Another important program in this area is the urban homesteading program, which transfers federally owned single-family proper-

ties to local governments to help them improve distressed urban neighborhoods. The President has proposed that this program be expanded in 1983 to test the feasibility of multifamily homesteading in urban areas.

As the President announced in his State of the Union address, the administration also strongly supports the creation of enterprise zones as an experimental, free-market approach to revitalizing depressed areas. Tax and regulatory burdens would be reduced in clearly defined geographic areas to stimulate private investment and new jobs.

Outlays for community development are estimated to be $4.3 billion in 1983, $0.7 billion less than the level estimated for 1982.



Area and Regional Development

Programs in this category promote economic development and increased employment in rural areas. Grants and loans for rural water and waste disposal systems provided through the Department of Agriculture are the largest programs in this category. Also included are grants to encourage economic development on American Indian reservations.

The administration believes that the primary responsibility for economic development should rest with State and local governments and the private sector. Assistance provided by the Economic

Development Administration and the Appalachian Regional Commission is, therefore, proposed for termination. State and local governments may continue to promote community and economic development through their use of community development block grant and urban development action grant funds and grants or loans from the Farmers Home Administration.

Total outlays for area and regional development are estimated to be $2.7 billion in 1983, a reduction of $0.1 billion from the level estimated for 1982.

Disaster Relief and Insurance

The Federal Government provides disaster relief and insurance to supplement private, State, and local assistance when necessary.

One of the administration's major initiatives in this category is to create incentives for businesses to obtain private insurance policies whenever possible. Recently enacted legislation established a maximum 3-year term and market rates of interest for Small Business Administration (SBA) disaster loans to businesses that are eligible for private financial assistance. The same legislation limited the coverage of SBA business disaster loans to no more than 85% of losses. In addition, the administration is proposing a 75% limit on the Federal share of costs for the disaster relief programs administered for the President by the Federal Emergency Management Agency.

In anticipation of a return to normal levels of disaster assistance, outlays for disaster relief and insurance are estimated to be $0.2 billion in 1983, a decrease of $0.3 billion from 1982.

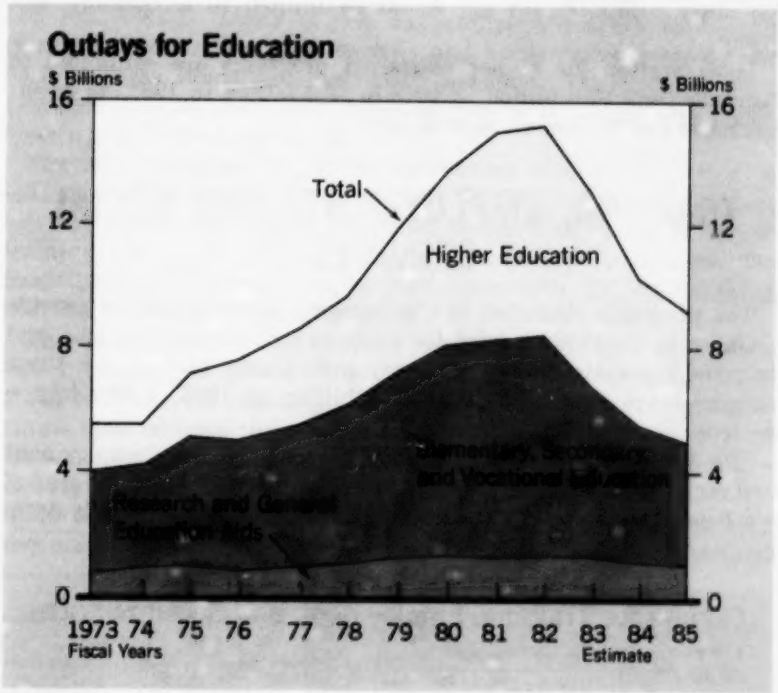
EDUCATION

Federal programs that promote the general extension of knowledge and skills are included in this category. Not included are education or training undertaken as part of achieving another function's goals (such as training of military personnel). Outlays for education are expected to be $13.1 billion in 1983, a decrease of $2.3 billion from 1982.

In recent years, the Federal Government has imposed increasing regulatory burdens on the local education process, intervening in decisions that should be left to States, localities, and parents. The creation of a Cabinet-level Department of Education was a symbol of growing Federal intervention.

The budget reflects the administration's commitment to return decisionmaking authority to its appropriate levels by abolishing the Department of Education. The Department is to be replaced by a smaller Foundation for Education Assistance, with limited authority, reduced funds, and smaller Federal staff.

The President has proposed that the responsibility for several education programs be turned back to the States as part of his federalism initiative, which is discussed in Part I of this document and Part 3 of the 1983 *Budget.*



Elementary, Secondary, and Vocational Education

Many narrow purpose elementary and secondary education programs already have been merged into consolidated grants with reduced regulatory and reporting requirements. Additional major grant consolidations are proposed in this budget affecting programs for the education of the handicapped, and vocational and adult education.

Consolidation would reduce Federal intervention and allow State and local governments flexibility in determining how the aid that they receive will be used. Total outlays for elementary, secondary and vocational education are estimated to be $5.5 billion in 1983, a $1.6 billion reduction from 1982.

Higher Education

Aid to students attending colleges and other institutions of higher learning makes up the bulk of Federal spending classified in this category. Such aid includes loans, loan guarantees, and subsidies to students and parents.

The budget includes several proposals that, taken together, would limit student loans and basic grants to those students with the lowest family incomes and greatest need. No new funds for supplementary loan and grant programs are requested. New funds for other campus-based aid would be limited to work-study programs.

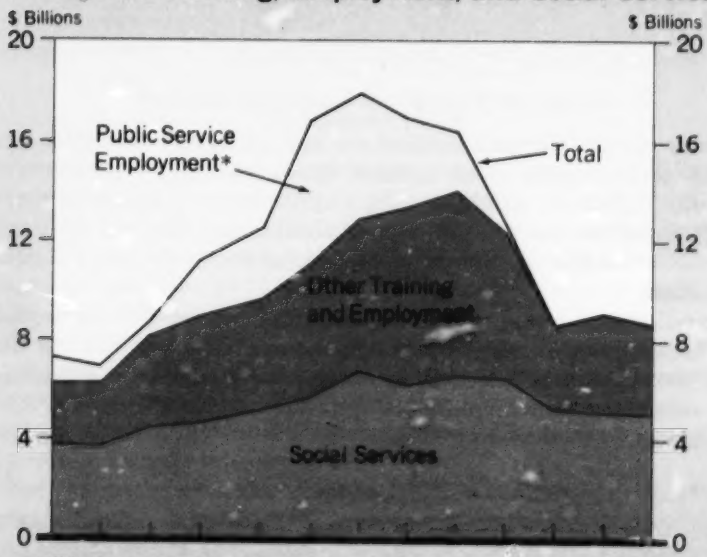
Total outlays for higher education programs are estimated to decrease from $7.0 billion in 1982 to $6.3 billion in 1983, as fewer, but more needy, persons receive aid.

TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

The programs classified in this category are intended to provide training in the skills needed for work, to help people find jobs, and to provide social services to needy individuals. Outlays for these programs are estimated to be $8.5 billion in 1983, a $3.9 billion decrease from 1982.

The President has proposed that several training, employment and social services programs be turned back to the States as part of his federalism initiative, which is discussed in Part I of this document and in Part 3 of the 1983 *Budget.*

Outlays for Training, Employment, and Social Services



*Programs Exclusively for Public Service Employment

Training and Employment

Federal programs in this category were formerly carried out through grants provided to local governments (prime sponsors) under the provisions of the Comprehensive Employment and Training Act (CETA). Many of the Federal requirements for CETA grants became increasingly specific and burdensome, limiting the uses of these funds and restricting sponsors' flexibility to meet local needs. This often resulted in ineffective programs and inefficient use of Federal resources.

The administration began the redirection of these programs in 1981 with the phaseout of the two CETA programs that provided federally subsidized jobs in the public sector. The new direction of training and employment programs is intended to improve the participants' long-term employment prospects by emphasizing training for jobs in the private sector.

The administration will propose legislation this year to replace CETA categorical grants to prime sponsors with a single block grant to States for training. This would allow States to plan programs that address their specific training and employment problems and to increase coordination with similar programs that are already operated by States.

The budget includes proposals to reduce total outlays for training and employment to $3.4 billion in 1983 from an estimated level of $6.0 billion in 1982.

Social Services

Block grants to States for social services, community services, and child welfare make up the bulk of spending in this category. Funds are also included for rehabilitation services and services for children, youth, families, and the elderly.

The administration has proposed consolidation of individual programs into broader categories that would both increase the flexibility with which these funds could be used and reduce Federal expenditures. Outlays for social services are expected to be $5.1 billion in 1983, $1.3 billion less than in 1982.

HEALTH

About 93% of Federal outlays for health is for the payment of health care services through medicare and medicaid. Total outlays for health are estimated to be $78.1 billion in 1983, $4.7 billion more than in 1982.

Medicare and Medicaid

Medicare finances health care services for about 29 million aged and disabled people, mainly by reimbursing doctors and hospitals that provide health care to eligible recipients. Medicaid provides grants to States to pay part of the cost of health care services for the poor, about 22 million of whom are served by medicaid.

Medicare and medicaid outlays grew by over 17% per year between 1970 and 1980. Rapid increases in medical care costs and an open-ended system of reimbursement have been the major contributors to the increased costs of these programs.

The Congress has already adopted a number of the administration's health proposals, such as lowering the reimbursement that medicare will pay to health providers.

The budget includes additional proposals to help slow the rapid growth in Federal health spending by strengthening market forces and competition in the health care industry and by improving the efficiency and effectiveness of the medicare and medicaid programs. These proposals, along with others, are estimated to result in outlay savings for medicare and medicaid of $4.5 billion in 1983 and $7.5 billion in 1984.

Even with the administration's savings proposals, total outlays for medicare and medicaid are estimated to increase to $72.4 billion in 1983 without the premiums and collections, $5.0 billion more than in 1982.

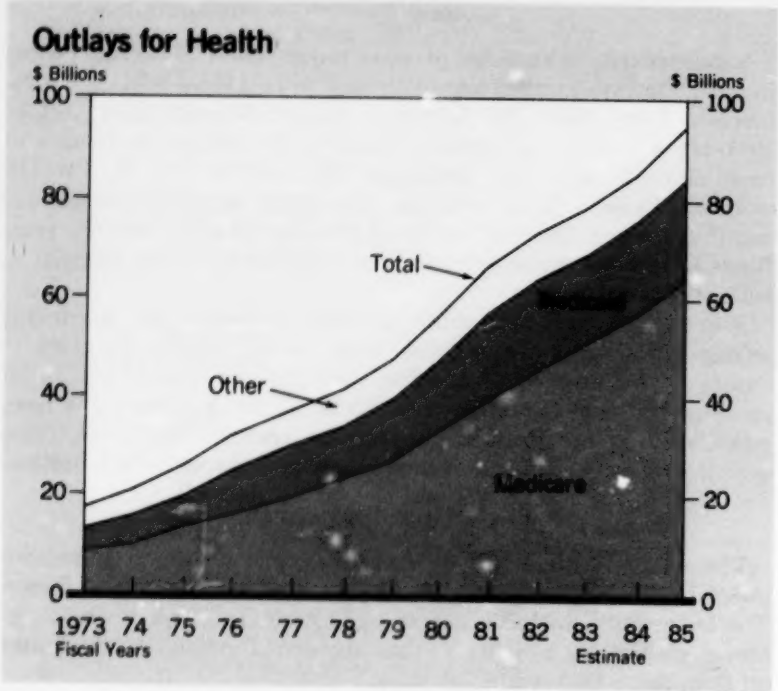
The President has proposed that States assume the responsibility for financing food stamps and aid to families for dependent children starting in 1984 in exchange for full Federal financing for medicaid. In addition, the responsibility for health block grants and several other smaller health grants is proposed to be shifted from the Federal to State governments. These proposals are part of a broad federalism initiative that is discussed in Part I of this document and Part 3 of the 1983 *Budget*.

Other Programs

The Omnibus Budget Reconciliation Act of 1981 consolidated 21 grant programs into four health block grants that reduce paperwork and allow States more flexibility in the ways that Federal health services funds are used.

The administration proposes consolidating four additional programs into these block grants—the women, infants, and children (WIC) nutrition program, black lung clinics, migrant health, and family planning programs.

Other health care services supported by the Federal Government include Indian health services, the National Health Service Corps, and Government-employee health insurance.



The Federal Government provides approximately two-thirds of the total U.S. funds devoted to health research, primarily through the National Institutes of Health. Most Federal spending for health research is in the form of grants to individuals or groups that carry out basic and applied health research. Outlays for health research are estimated to be $3.9 billion in 1983, a $0.1 billion increase over 1982.

Other Federal programs support education and training of health professionals and regulate consumer and occupational safety. Estimated outlays for health education and training programs are expected to decline to $0.5 billion in 1983, while outlays for consumer and education safety programs are expected to increase slightly to $1.1 billion in 1983.

INCOME SECURITY

Income security benefits are paid to the elderly, the disabled, the unemployed, and low-income families. Outlays for this function are estimated to increase from $250.9 billion in 1982 to $261.7 billion in 1983.

Social Security

Social security is expected to make payments to 36 million people in 1983. Outlays in 1983 are estimated to be $173.5 billion, a 12% increase from 1982. The Omnibus Budget Reconciliation Act of 1981 phases out social security benefits for college students and coordinates benefits for programs that provide aid to disabled workers. Despite these reforms, the social security system will continue to have financial problems because the social security trust funds have been depleted by income insufficient to pay benefits in each year since 1975.

Recently enacted legislation provides authority for borrowing among the social security trust funds as an interim measure to ensure a continuation of benefits through September 1983. A bipartisan National Commission on Social Security Reform has been established by the President to propose realistic long-term social security reforms that will restore financial balance to the system.

Other Retirement and Disability

The administration proposes to reorganize railroad retirement programs by returning rail industry pensions to the private sector. The budget also includes a proposal to adjust future Federal employee retirement benefits so that those who retire are not better off than those who remain at work.

Outlays for retirement and disability other than social security in 1983 are estimated to be $23.2 billion.

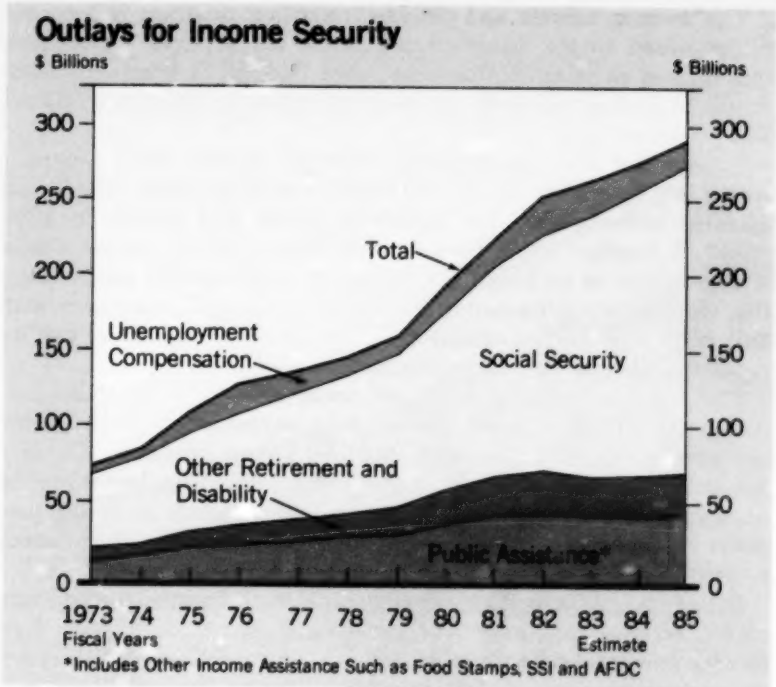
Unemployment Compensation

About 97% of wage and salaried employment in the United States is covered by unemployment compensation, which provides support to individuals who are temporarily out of work and who are searching for jobs. The number of weeks an unemployed worker can receive unemployment insurance is extended in any State where the unemployment rate is unusally high. Recent legislative changes have concentrated extended unemployment benefits in States with high unemployment. Outlays are estimated to be $22.6 billion in 1983, 10% below 1982 because of the estimated decrease in unemployment.

Public Assistance

The Federal Government finances a broad range of assistance for housing, food and nutrition, and other aid to needy families and individuals. The budget includes reform proposals that would concentrate these programs on the most needy and reduce wasteful or unnecessary benefits.

The President's federalism initiative includes a proposal for the individual States to assume responsibility for financing food stamps



and aid to families for dependent children, beginning in 1984. At the same time, the Federal Government would assume full responsibility for financing medicaid, which is discussed in the health function. These proposals are discussed in Part I of this document and in Part 3 of the 1983 *Budget.*

Housing assistance is currently provided through three major, subsidized housing programs: lower income housing assistance (section 8 housing), public housing, and homeownership assistance.

The budget includes proposals that would direct low-income housing assistance away from costly newly-constructed housing toward a system of subsidies that would encourage recipients to choose their own housing unit. The tenant would be responsible for paying the difference between the amount of the Federal subsidy and the total rent charged. Increased rents for public housing are also proposed in this budget, as are cancellations of newly-constructed housing projects that are not financially viable.

Several programs provide food and nutrition assistance. The food stamp program will help an estimated 19 million recipients buy food in 1983. Outlays for food stamps and nutrition assistance for Puerto Rico are estimated to decrease from $11.2 billion in 1982 to $10.3 billion in 1983 because of recent legislation and new proposals to direct assistance to those most in need.

The women, infants and children nutrition program is proposed to be added to the health block grant for services for women, infants and children. Outlays for other Federal programs to assist States in feeding children and needy persons are estimated to total $3.4 billion in 1983.

Outlays for the supplemental security income (SSI) program, which pays benefits to an estimated 4 million aged, blind, and disabled beneficiaries, are estimated to be $8.9 billion in 1983.

Aid to families with dependent children (AFDC) assists States and localities in making cash assistance payments to needy families. Outlays are estimated to be $5.9 billion in 1983, compared with $8.1 billion in 1982. Legislation is proposed to tighten eligibility requirements and eliminate program overlaps.

The administration proposes to combine funding for State welfare administration to replace separate payments to States to administer the AFDC, medicaid and food stamp programs. Outlays are estimated to be $1.7 billion, $0.3 billion less than they would be under the current open-ended system. The administration also proposes to phase out Federal financing for payments made in error by States in the AFDC, food stamps and medicaid programs.

Other income security programs include the earned income tax credit, refugee assistance and low-income energy assistance. Low income energy assistance is proposed to be consolidated with emergency assistance into a block grant.

VETERANS BENEFITS AND SERVICES

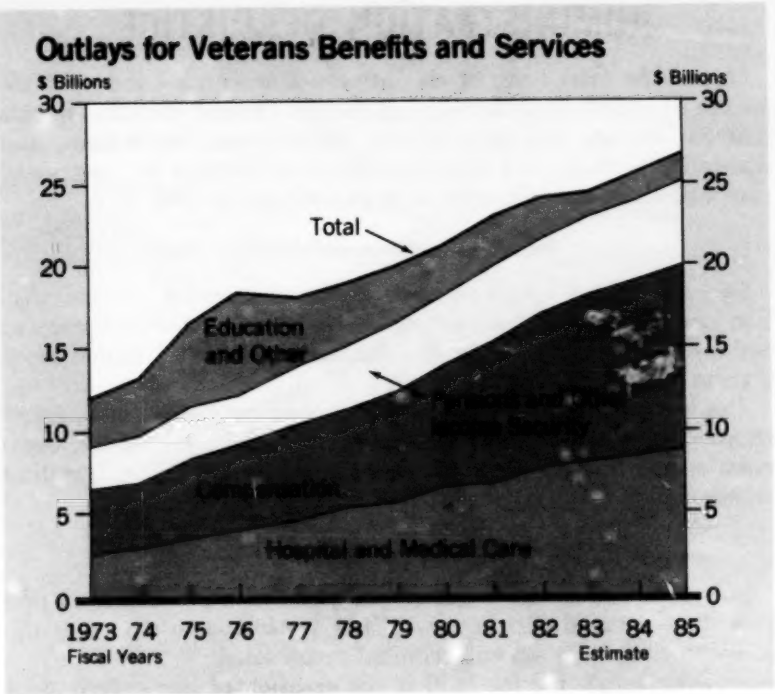
This function includes benefits and services for veterans of military service. Outlays are expected to be $24.4 billion in 1983, $0.2 billion more than estimated for 1982.

Hospital and Medical Care

The Veterans Administration (VA) operates the largest Federal medical care system. Outlays for veterans hospital and medical care are estimated to rise from $7.6 billion in 1982 to $8.1 billion in 1983. Legislation enacted in 1981 authorizes medical care at VA facilities for veterans claiming disabilities resulting from exposure to agent orange and low level ionizing radiation.

Compensation

Compensation benefits are provided to an estimated 2.6 million veterans with service-connected disabilities and to their survivors. Outlays for compensation benefits are estimated to increase from $9.5 billion in 1982 to $10.2 billion in 1983, mostly as a result of a proposal to provide a cost-of-living increase of 8.1% in October 1982.



Pensions

Pensions are provided to needy veterans with wartime service and to their survivors. Outlays for pension benefits are estimated to increase from $3.9 billion in 1982 to $4.0 billion in 1983, due to an estimated automatic cost-of-living increase of 8.1% in July 1982.

Education, Training and Rehabilitation

The GI bill provides education benefits designed primarily to help veterans to adjust to civilian life. Outlays for veterans education, training, and rehabilitation are estimated to decrease from $1.9 billion in 1982 to $1.6 billion in 1983, reflecting the decline in the number of eligible veterans.

Other

The VA provides additional assistance to veterans through housing loan guarantees. Guaranteed loan commitments of $22.5 billion are expected to assist 325,000 veterans obtain mortgage loans in 1983. A few direct loans are available for veterans eligible for special housing.

ADMINISTRATION OF JUSTICE

One of the most basic of all duties of Government is to provide for the equitable administration of justice. Federal activities in this function include law enforcement, adjudication, corrections, and assistance to State and local governments. Outlays to meet these responsibilities are estimated to be $4.6 billion in 1983.

Federal Law Enforcement Activities

Over half of the resources associated with programs in this function are for law enforcement activities. Federal law enforcement outlays are estimated to be $2.6 billion in 1983, $0.2 billion more than in 1982.

The budget focuses the Federal Government's law enforcement efforts on investigations of violent crime, white collar crime, organized crime, foreign counterintelligence activities, and major drug offenses.

Federal Litigative and Judicial Activities

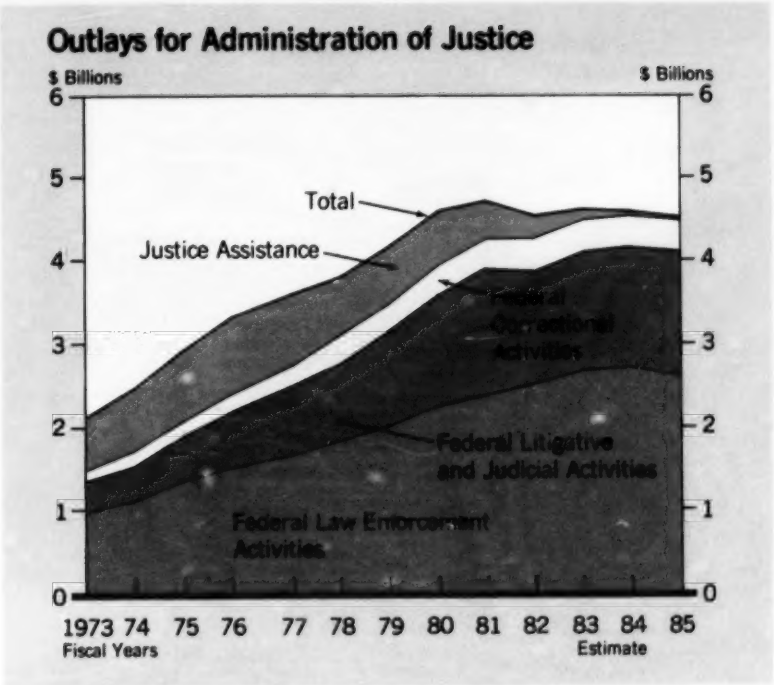
The goals of Federal litigative and judicial activities are to provide those accused of crimes with fair trials and to represent the public in civil litigation and criminal prosecution.

A major inititative for 1983 is the creation of law enforcement coordinating committees in Federal districts to establish consistent priorities for law enforcement activities. The administration will also increase emphasis on litigation to collect approximately $3 billion in debts owed to the Federal Government. Outlays for litigative and judicial activities are estimated to be $1.4 billion in 1983, about the same as in 1982.

The budget does not include separate funding for the Legal Services Corporation. The Corporation assists State and local agencies that provide free civil legal assistance to the poor. Authority to fund legal services activities that the States wish to provide for their residents is included in the social and community services block grants.

Federal Correctional Activities

The Federal Government is also responsible for the care and custody of prisoners convicted of violating Federal laws. Although the 1983 Federal prison population is estimated to remain unchanged from the 1982 population of 27,000, higher operating costs are expected to increase estimated outlays for correctional activities from $376 million in 1982 to $386 million in 1983.



Criminal Justice Assistance

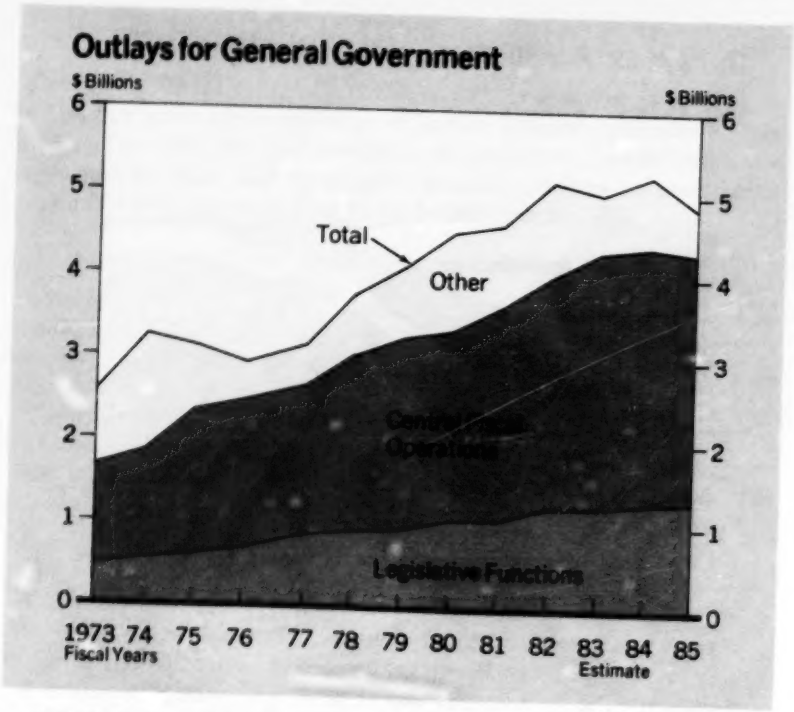
Because public safety is a State and local responsibility, the administration does not believe that providing criminal justice assistance in the form of grants or contracts is an appropriate or effective use of Federal funds. Outlays for criminal justice assistance activities are estimated to decrease from $0.3 billion in 1982 to $0.2 billion in 1983.

GENERAL GOVERNMENT

General government includes central government functions such as the legislative branch, the Executive Office of the President and tax collection by the Department of the Treasury. Outlays for general government are estimated to be $5.0 billion in 1983, $0.1 billion less than the 1982 estimate.

Estimated outlays for fiscal operations are expected to increase from $2.8 billion in 1982 to $3.1 billion in 1983 to improve both the efficiency and effectiveness of tax collection.

Additional receipts are expected in 1983 from selling excess Federal properties that were formerly given away.



GENERAL PURPOSE FISCAL ASSISTANCE

General purpose fiscal assistance provides Federal aid to State and local governments without major restrictions or matching requirements. Total outlays for this assistance are estimated to be $6.7 billion in 1983, $0.3 billion more than in 1982.

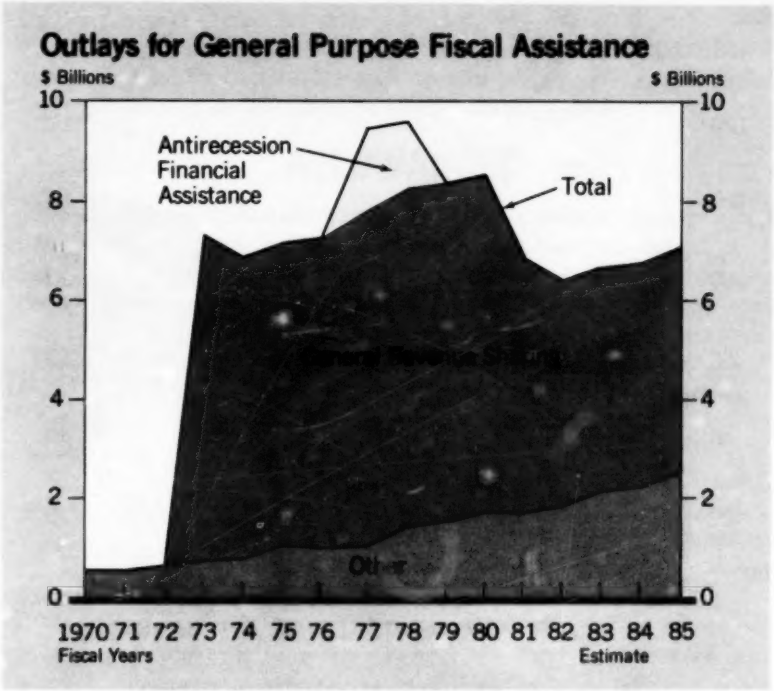
General Revenue Sharing

General revenue sharing provides assistance to nearly 39,000 local jurisdictions below the State level. These funds are allocated on the basis of population, per capita income, and general tax effort. The budget includes outlays of $4.6 billion for payments to localities in 1983.

The President has proposed that the responsibility for general revenue sharing be turned back to the States as part of his federalism initiative, which is discussed in Part I of this document and Part 3 of the 1983 *Budget*.

Other General Purpose Fiscal Assistance

The activities in this category include payments to the District of Columbia, loan guarantees to New York City, and other general

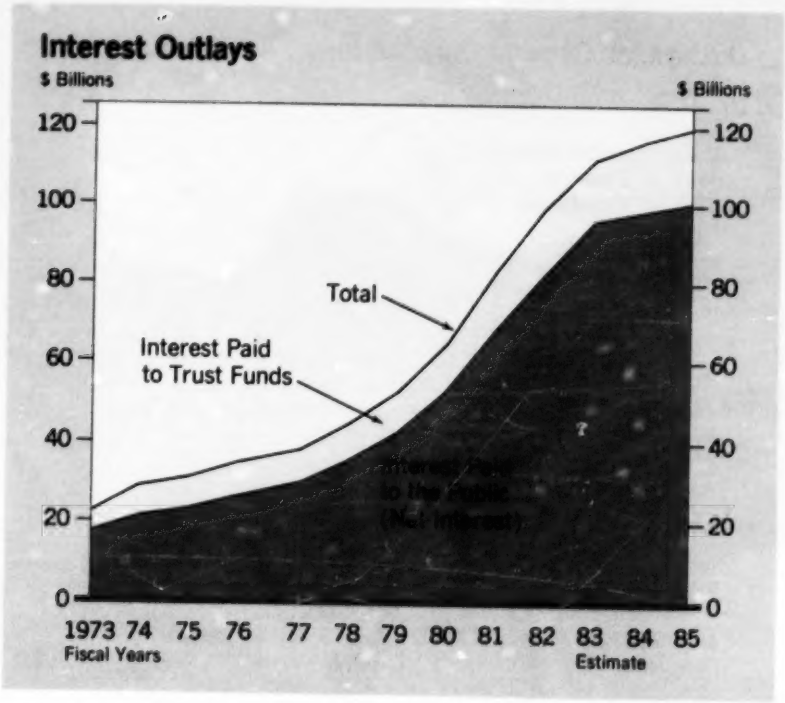


payments to States, localities, and territories. Some jurisdictions receive payments from the Federal Government based on receipts generated from the sale of timber, mineral leases, grazing permits, and other activities on Federal property.

Outlays for other general purpose fiscal assistance are estimated to increase from $1.8 billion in 1982 to $2.1 billion in 1983.

NET INTEREST

Net interest includes interest paid on the public debt, interest paid on refunds of tax collections, and interest collections received from the public, revolving funds, and trust funds such as social security.



The total for net interest reflects both interest payments made by the Government and interest received by Government accounts. Net interest outlays are estimated to increase substantially, rising to $83.0 billion in 1982 and $96.4 billion in 1983. An administrative proposal to give the Secretary of the Treasury broad authority to change the interest rates and terms of savings bonds is estimated to reduce outlays $0.3 billion in 1983.

NET IMPACT OF INTEREST ON THE DEFICIT

(In billions of dollars)

	1981 actual	1982 estimate	1983 estimate	1984 estimate	1985 estimate
Interest on the public debt	95.5	115.7	132.9	140.7	146.6
Other interest function	−13.0	−16.6	−20.4	−24.5	−26.9
Interest received by trust funds	−13.8	−16.1	−16.1	−17.5	−18.9
Net interest outlays	**68.7**	**83.0**	**96.4**	**98.7**	**100.8**
Deposit of earnings by the Federal Reserve System [1]	−12.8	−15.0	−15.8	−16.2	−16.2
Net impact [2]	**55.9**	**68.0**	**80.6**	**82.5**	**84.6**

[1] Shown as budget receipts.
[2] Net cost of interest to the taxpayer.

As part of their monetary functions, Federal Reserve Banks hold Government securities. The Banks return a portion of the interest

they receive on those securities back to the Treasury as miscellaneous budget receipts. Deducting these receipts from net interest shows the net impact of interest on the budget surplus or deficit. That net impact is estimated at $80.6 billion in 1983.

ALLOWANCES

The budget includes allowances to cover certain transactions that are expected to occur, but that have not been included in the agency and function estimates. As these transactions take place, their outlays, savings, or receipts will be classified in the budgets of the agencies and functions in which they occur. Three categories appear in the allowances section of the budget—allowances for civilian agency pay raises, for contingencies, and for the administration's improvements in management efficiency. These three categories account for net outlays savings of $1.3 billion in 1983.

For 1982, the budget includes an allowance for civilian agency pay raises to cover pay increases for agencies that may require supplemental funds. For 1983, allowances of $0.7 billion in outlays are to cover an overall increase of 5% in the pay of civilian agency employees.

The administration has initiated vigorous programs to improve management efficiency in the Federal Government. These would allow reductions in Federal employment beyond 1984, eliminate waste, fraud, and abuse in Federal management of money and property, and collect delinquent debts more effectively. The allowances for more efficient management include the undistributed budget savings from these efforts.

OTHER

In general, offsetting receipts are deducted from budget totals at the agency and function level. Exceptions are made when such payments are extremely large and would mislead analysis of Federal program trends. To eliminate the double counting of outlays and to account accurately for transactions with the public, the payment that each agency makes as its share of employee retirement costs is deducted as an undistributed offsetting receipt.

Current estimates for rent and royalities on the Outer Continental Shelf (OCS), which are also offsetting receipts, assume that seven OCS sales will be conducted in 1982 and nine sales in 1983. No final decision will be made in any of these sales until environmental studies and other requirements under the National Environmental Policy Act have been completed. OCS receipts are estimated to increase from $7.9 billion in 1982 to $18.0 billion in 1983.

The sale of surplus Federal property is expected to result in receipts of $1.0 billion in 1983 and $4.0 billion in 1984.

OFF-BUDGET FEDERAL ENTITIES

Under current law, some Federal spending activities are excluded from the budget totals. The federally owned and controlled off-budget entities that conduct this spending are listed below. The off-budget outlays are added to the budget deficit to derive the total Federal deficit that has to be financed by borrowing from the public or by other means.

One off-budget Federal entity, the Federal Financing Bank (FFB), accounts for most off-budget outlays. The FFB's outlays do not come from programs that the FFB operates itself, but from loans it makes or purchases at the request of other Federal entities willing to guarantee repayment. The outlays of the FFB do not include its purchase of Federal agency debt securities.

A few other credit programs, the strategic petroleum reserve (starting in 1982), and the Postal Service are also off-budget. The table below shows off-budget outlays.

DISTRIBUTION OF OFF-BUDGET OUTLAYS

(In billions of dollars)

	1981 actual	1982 estimate	1983 estimate	1984 estimate	1985 estimate
Federal Financing Bank (FFB):					
International affairs	1.9	2.7	3.7	4.2	3.0
General science, space and technology	0.1	0.2	0.1	−0.2	−0.2
Energy	4.9	5.6	5.8	5.2	4.8
Agriculture	5.8	1.1	−0.4	−0.4	−0.4
Commerce and housing credit	4.2	3.5	1.0	0.3	0.2
Transportation	0.3	0.1	*	−0.1	−*
Community and regional development	1.1	1.1	0.8	0.5	0.4
Education	2.0	0.7			
Health	*	*	*	−*	−*
Income security	0.8	1.2	1.0	1.4	−0.1
General government	0.1	0.1	−*	−*	−*
Subtotal, FFB	21.0	16.2	12.1	11.0	7.8
Other off-budget:					
Energy:					
Rural Electrification Administration	*				
Strategic petroleum reserve		2.8	2.8	2.3	2.2
Commerce and housing credit:					
Postal Service	0.1	0.6	0.7	0.9	0.8
Transportation:					
U.S. Railway Association	−0.3	−0.1	−*		
Community and regional development:					
Rural telephone bank	0.1	0.2	0.2	0.2	0.2
Total, off-budget outlays	**21.0**	**19.7**	**15.7**	**14.3**	**11.0**

TAX EXPENDITURES

The Congressional Budget Act of 1974 requires a listing of tax expenditures in the budget.

Tax expenditures are features of the individual and corporation income tax laws that provide special benefits or incentives in comparison with what would be permitted under the general provisions of the Internal Revenue Code. They arise from special exclusions, exemptions, or deductions from gross income, or from special credits, preferential tax rates, or deferrals of tax liability.

Tax expenditures reduce tax liabilities for particular groups of taxpayers to encourage certain economic activities or in recognition of special circumstances. They can be viewed as alternatives to other means by which the Federal Government can carry out policy objectives, such as direct outlays, loan guarantees, regulations, and other tax law provisions.

Tax expenditures affect individual and corporate taxes in important ways. For example, homeowners may take a tax deduction for the interest charged on their mortgage. This provision is estimated to result in a tax expenditure of $25.8 billion in 1983. Businesses may deduct 10 percent of the cost of equipment that is purchased for use in business. This provision of the tax laws, which provides incentive for business investment, is expected to result in a tax expenditure of $27.0 billion in 1983. Detailed descriptions of tax expenditures, and the methods for estimating them, can be found in Special Analysis G, "Tax Expenditures."

The method of measuring tax expenditures has been modified in this budget to make them more comparable with budget outlays. The accompanying table displays tax expenditures as outlay equivalents classified by function.

TAX EXPENDITURES MEASURED AS OUTLAY EQUIVALENTS

(In billions of dollars)

Function	Fiscal years		
	1981	1982	1983
National defense	2.5	2.5	2.6
International affairs	3.8	4.6	4.9
General science, space, and technology	1.1	1.5	−0.2
Energy	8.5	8.8	8.8
Natural resources and environment	2.5	2.7	2.9
Agriculture	1.3	1.2	1.2
Commerce and housing credit	117.5	114.4	120.9
Transportation	0.1	0.1	0.1
Community and regional development	0.3	0.4	0.4
Education, training, employment, and social services	15.4	15.6	15.7
Health	25.1	26.9	28.1
Income security	64.1	70.3	72.8
Veterans benefits and services	1.6	1.7	1.7
General government	0.1	0.1	0.1
General purpose fiscal assistance	28.0	30.2	32.4
Interest	0.5	0.6	0.7

Part IV

THE BUDGET PROCESS

In raising and spending tax receipts, the Federal Government allocates resources between the private and public sectors of the economy. Within the public sector, the allocation of budget resources among individual programs reflects the priorities that are determined through the combined actions of the President, the executive branch agencies, and the Congress. The budget process is thus a crucial focus for the determination of national priorities. This section describes that process.

Executive formulation and transmittal.—The budget sets forth the President's proposed financial plan of operation for the Federal Government. The President's transmittal of his budget proposals to the Congress is the result of many months of planning and analysis throughout the executive branch.

When a new President takes office in January, as was the case this year, the outgoing President submits the budget. The new President subsequently proposed changes to that budget in March 1981.

Formulation of the 1983 budget began in the spring of 1981. Each spring, policy issues are identified, budget projections are made, and preliminary program plans are presented to the President.

The President reviews the budget projections in the light of the economic outlook, and establishes general budget and fiscal policy guidelines for the fiscal year that begins over a year later. Under the multiyear budget planning system, the President's guidelines also cover the 4 fiscal years beyond. Tentative policy decisions for the budget year and multiyear planning ceilings for the following 4 years are then given to the agencies as guidelines for preparing their budgets.

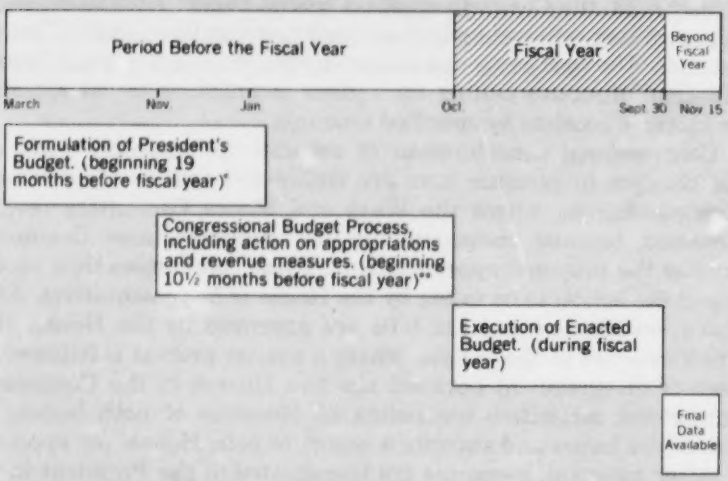
In the summer, agencies prepare their budget requests, which are reviewed in detail in the fall by the Office of Management and Budget and presented to the President. The budget sent to the new session of the Congress at the beginning of each year reflects the President's recommendations for existing and proposed programs,

as well as total outlay and receipt levels appropriate to the state of the economy.

By law, the President must update this budget on or before April 10 and again by July 15, taking into account newly enacted legislation, the administration's latest economic assumptions and any new recommendations and revised estimates.

The law also requires him to transmit current services estimates annually. These estimates represent the budget authority and outlays required to continue existing programs in the next fiscal year without any policy changes, thereby providing a base to compare program initiatives against current spending levels. Current services estimates for 1983 are transmitted with the President's budget.

Major Steps in the Budget Process


Period Before the Fiscal Year
Fiscal Year
Beyond Fiscal Year
March
Nov
Jan
Oct
Sept 30
Nov 15
Formulation of President's Budget. (beginning 19 months before fiscal year)*
Congressional Budget Process, including action on appropriations and revenue measures. (beginning 10½ months before fiscal year)**
Execution of Enacted Budget. (during fiscal year)
Final Data Available

*The President's budget is transmitted to the Congress within fifteen days after the Congress convenes.

**If appropriation action is not completed by Sept. 30, the Congress enacts temporary appropriation (i.e., continuing resolution).

Congressional action.—The Congress begins its formal review of the President's budget proposals after it receives them.

Before passing appropriations for a specific program, the Congress enacts legislation to authorize the programs and provide guidance on funding levels. Many programs, such as social security and interest on the public debt are authorized indefinitely or for several years. Programs such as space exploration, nuclear energy, defense procurement, foreign affairs, and some construction programs require annual authorization.

Budget authority is usually provided separately after the program authorization has been enacted. In many cases, budget authority becomes available each year only as voted by the Congress. In other cases, the Congress has voted permanent budget authority, under which funds become available annually without further congressional action.

Under procedures established by the Congressional Budget Act of 1974, the Congress considers budget totals prior to beginning action on individual appropriation bills. The act requires that congressional committees send reports on budget estimates to the House and Senate Budget Committees by March 15. The budget committees must then report out a budget resolution by April 15.

The Congress is scheduled to adopt the first budget resolution, which sets overall targets for receipts, outlays and budget authority, by May 15. After action has been completed on all or most money bills, the Congress adopts a second budget resolution, which sets a ceiling on total budget authority and outlays and a floor for receipts. The first or second budget resolution can contain a "reconciliation" directive calling on various committees to cut spending or increase receipts by specified amounts.

Congressional consideration of requests for appropriations and for changes in revenue laws are considered first in the House of Representatives, where the Ways and Means Committee reviews proposed revenue measures and the Appropriations Committee studies the proposed appropriations. These committees then recommend the action to be taken by the House of Representatives. After the appropriation and tax bills are approved by the House, they are forwarded to the Senate, where a similar process is followed. In case of disagreement between the two Houses of the Congress, a conference committee (consisting of Members of both bodies) resolves the issues and submits a report to both Houses for approval.

After approval, measures are transmitted to the President in the form of an enrolled bill for his approval or veto. When appropriations are not enacted by the beginning of the fiscal year, the Congress enacts a "continuing resolution" to provide authority so that the affected agencies may continue operations until a specific date or until their regular appropriations are approved.

Budget execution and control.—Once approved, the budget becomes the basis for the financial plan for the operation of agencies during the fiscal year. Most budget authority and other budgetary resources are made available by the Office of Management and Budget under an apportionment system designed to assure the effective and orderly use of available authority.

Amounts may be withheld for policy or other reasons. However, the Impoundment Control Act of 1974 provides that the executive branch, in regulating the rate of spending, must report to the

Congress any administrative action to postpone or eliminate spending authorized by law.

Deferrals, which are temporary withholdings of budget authority, cannot extend beyond the end of the fiscal year, and may be overturned by either House of the Congress at any time. Rescissions, which permanently cancel existing budget authority, must be approved by the full Congress. If the Congress does not approve a proposed rescission, the withheld funds must be made available for obligation.

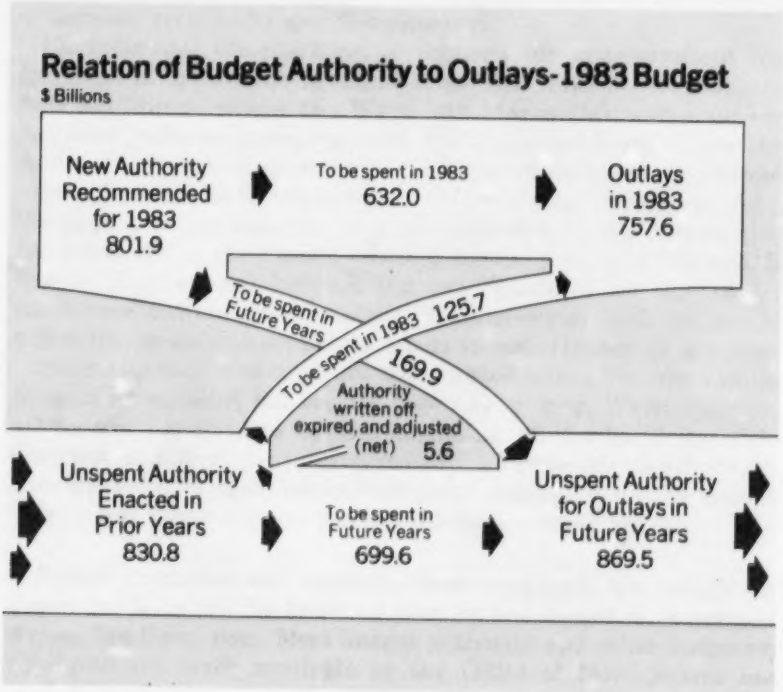
Review and audit.—Individual agencies are responsible for assuring that the obligations they incur and the resulting outlays are in accordance with the laws and regulations. The Office of Management and Budget reviews program and financial reports and the General Accounting Office, a congressional agency, regularly audits, evaluates, and reports on Federal programs. In addition, offices of Inspectors General have been established by law in major departments and agencies to perform audit activities.

Relation of Budget Authority to Outlays

Not all of the new budget authority for 1983 will be obligated or spent in that year.

- Budget authority for most major trust funds arises from their receipts and is used over time as needed for purposes specified by law.
- Budget authority for most major construction and procurement programs covers the estimated full cost of projects at the time they are started.
- Budget authority for many loan and guarantee (or insurance) programs provides financing for a period of years or constitutes a contingency backup that may never result in outlays.
- Government enterprises occasionally receive budget authority to be used for general capital purposes over several years.

As a result of these factors, a large amount of budget authority carries over from one year to the next. Most is earmarked for specific uses and is not available for any other program.


Relation of Budget Authority to Outlays-1983 Budget
$ Billions
New Authority Recommended for 1983 801.9
To be spent in 1983 632.0
Outlays in 1983 757.6
To be spent in Future Years
To be spent in 1983 125.7
169.9
Authority written off, expired, and adjusted (net) 5.6
Unspent Authority Enacted in Prior Years 830.8
To be spent in Future Years 699.6
Unspent Authority for Outlays in Future Years 869.5

Part V

BUDGET TABLES

		Page
1.	Budget Receipts, Outlays, and Debt, 1973–85	76
2.	Composition of Budget Outlays in Current and Constant (fiscal year 1972) Prices, 1962–85	77
3.	Budget Receipts by Source and Outlays by Function, 1973–83	78
4.	Budget Outlays by Function and Subfunction, 1973–85	80
5.	Budget Authority and Outlays by Agency, 1981–83	86
6.	New Direct Loan Obligations by Agency, 1981–83	87
7.	New Loan Guarantee Commitments by Agency, 1981–83	88
8.	Federal Finances and the Gross National Product, 1964–85	89
9.	Summary of Full-Time Permanent Civilian Employment in the Executive Branch, 1981–84	90
10.	Budget Receipts and Outlays, 1789–1985	91

NOTES

- Backup data for charts in this book can be obtained from the Office of Management and Budget, Washington, D.C. 20503.
- More detailed budget tables are published in Part 9 of the *Budget of the United States Government, 1983.*

Table 1. **BUDGET RECEIPTS, OUTLAYS, AND DEBT, 1973–85**

(In billions of dollars)

Description	Actual										Estimate			
	1973	1974	1975	1976	TQ[1]	1977	1978	1979	1980	1981	1982	1983	1984	1985
Receipts:														
Federal funds	161.4	181.2	187.5	201.1	54.1	241.3	270.5	316.4	350.9	410.4	412.8	433.7	470.4	513.2
Trust funds	90.8	103.1	116.7	131.8	31.5	150.6	165.6	187.0	210.9	239.4	274.7	296.6	318.6	352.3
Interfund transactions	−21.3	−21.1	−25.1	−34.8	−4.4	−36.3	−36.5	−40.1	−44.7	−50.6	−60.8	−64.2	−66.1	−69.0
Total budget receipts	**230.8**	**263.2**	**279.1**	**298.1**	**81.2**	**355.6**	**399.6**	**463.3**	**517.1**	**599.3**	**626.8**	**666.1**	**723.0**	**796.6**
Outlays:														
Federal funds	187.0	199.9	240.1	269.9	65.1	295.8	332.0	362.4	419.2	475.2	523.9	540.6	571.3	616.4
Trust funds	80.0	89.1	109.3	129.3	33.5	141.1	152.9	168.7	202.1	232.6	262.2	281.2	300.7	321.1
Interfund transactions	−21.3	−21.1	−25.1	−34.8	−4.4	−36.3	−36.5	−40.1	−44.7	−50.6	−60.8	−64.2	−66.1	−69.0
Total budget outlays	**245.6**	**267.9**	**324.2**	**364.5**	**94.2**	**400.5**	**448.4**	**491.0**	**576.7**	**657.2**	**725.3**	**757.6**	**805.9**	**868.5**
Outlays, off-budget Federal entities	*(0.1)*	*(1.4)*	*(8.1)*	*(7.3)*	*(1.8)*	*(8.7)*	*(10.4)*	*(12.5)*	*(14.2)*	*(21.0)*	*(19.7)*	*(15.7)*	*(14.3)*	*(11.0)*
Outlays including off-budget	*(245.7)*	*(269.4)*	*(332.3)*	*(371.8)*	*(96.0)*	*(409.2)*	*(458.7)*	*(503.5)*	*(590.9)*	*(678.2)*	*(745.0)*	*(773.3)*	*(820.2)*	*(879.4)*
Surplus or deficit (−):														
Federal funds	−25.6	−18.7	−52.6	−68.8	−11.0	−54.4	−61.5	−46.0	−68.4	−64.7	−111.1	−106.9	−100.8	−103.2
Trust funds	10.7	14.0	7.4	2.4	−2.0	9.5	12.7	18.3	8.8	6.8	12.5	15.4	17.9	31.3
Total surplus or deficit (−)	**−14.8**	**−4.7**	**−45.2**	**−66.4**	**−13.0**	**−44.9**	**−48.8**	**−27.7**	**−59.6**	**−57.9**	**−98.6**	**−91.5**	**−82.9**	**−71.9**
Deficit (−), off-budget Federal entities	*(−0.1)*	*(−1.4)*	*(−8.1)*	*(−7.3)*	*(−1.8)*	*(−8.7)*	*(−10.4)*	*(−12.5)*	*(−14.2)*	*(−21.0)*	*(−19.7)*	*(−15.7)*	*(−14.3)*	*(−11.0)*
Surplus or deficit (−) including off-budget	*(−14.9)*	*(−6.1)*	*(−53.2)*	*(−73.7)*	*(−14.7)*	*(−53.6)*	*(−59.2)*	*(−40.2)*	*(−73.8)*	*(−78.9)*	*(−118.3)*	*(−107.2)*	*(−97.2)*	*(−82.8)*
Debt outstanding, end of year:														
Gross Federal debt	468.4	486.2	544.1	631.9	646.4	709.1	780.4	833.8	914.3	1,003.9	1,134.2	1,258.4	1,372.8	1,486.1
Held by the public	343.0	346.1	396.9	480.3	498.3	551.8	610.9	644.6	715.1	794.4	913.4	1,021.4	1,117.9	1,199.9

[1] In calendar year 1976, the Federal fiscal year was converted from a July 1–June 30 basis to an Oct. 1–Sept. 30 basis. The TQ refers to the transition quarter from July 1 to Sept. 30, 1976.

Table 2. **COMPOSITION OF BUDGET OUTLAYS IN CURRENT AND CONSTANT (FISCAL YEAR 1972) PRICES: 1962–85**

(In billions of dollars)

Fiscal year	Current prices						Constant (fiscal year 1972) prices					
	Total outlays	National defense	Nondefense				Total outlays	National defense	Nondefense			
			Total non-defense	Payments for individuals	Net interest	All other			Total non-defense	Payments for individuals	Net interest	All other
1962	106.8	49.0	57.8	28.7	6.9	22.2	160.8	77.2	83.6	38.5	9.6	35.4
1963	111.3	50.1	61.2	30.4	7.7	23.1	163.0	76.8	86.2	40.2	10.6	35.4
1964	118.6	51.5	67.1	31.6	8.2	27.3	170.1	77.0	93.1	41.4	11.1	40.9
1965	118.4	47.5	71.0	32.3	8.6	30.1	166.7	69.3	97.5	41.5	11.4	44.5
1966	134.7	54.9	79.8	36.2	9.4	34.2	182.6	76.5	106.1	45.5	12.2	48.4
1967	157.6	68.2	89.4	43.1	10.3	36.0	207.0	92.3	114.7	52.6	12.9	49.1
1968	178.1	78.8	99.4	48.7	11.1	39.6	224.3	101.7	122.6	57.7	13.5	51.4
1969	183.6	79.4	104.2	55.3	12.7	36.3	220.4	98.0	122.4	62.8	14.7	44.8
1970	195.7	78.6	117.1	63.2	14.4	39.6	220.1	90.3	129.8	68.6	15.8	45.4
1971	210.2	75.8	134.4	78.7	14.8	40.9	222.5	81.5	141.0	81.8	15.5	43.7
1972	230.7	76.6	154.1	90.8	15.5	47.9	230.7	76.6	154.1	90.8	15.5	47.9
1973	245.6	74.5	171.1	102.1	17.3	51.6	233.1	69.9	163.2	98.1	16.6	48.5
1974	267.9	77.8	190.1	117.5	21.4	51.2	236.9	68.1	168.8	104.5	19.2	45.1
1975	324.2	85.6	238.7	150.4	23.2	65.1	260.6	68.5	192.1	121.9	18.9	51.3
1976	364.5	89.4	275.0	176.6	26.7	71.7	274.9	67.0	207.9	135.0	20.3	52.5
1977	400.5	97.5	303.0	192.4	29.9	80.8	280.9	67.4	213.4	137.4	21.3	54.8
1978	448.4	105.2	343.2	206.5	35.4	101.3	294.3	67.8	226.5	138.7	23.6	64.2
1979	491.0	117.7	373.3	227.5	42.6	103.2	298.3	70.4	228.0	140.9	26.2	60.9
1980	576.7	135.9	440.8	271.2	52.5	117.2	319.4	73.1	246.3	152.6	29.7	64.0
1981	657.2	159.8	497.4	316.6	68.7	112.1	330.6	76.6	254.0	163.6	35.5	54.9
1982 estimate	725.3	187.5	537.8	351.6	83.0	103.3	338.1	82.6	255.6	168.6	39.6	47.3
1983 estimate	757.6	221.1	536.6	365.8	96.4	74.3	331.3	91.1	240.3	165.2	43.2	31.8
1984 estimate	805.9	253.0	553.0	385.3	98.7	69.0	334.4	98.3	236.1	166.2	42.1	27.9
1985 estimate	868.5	292.1	576.4	409.8	100.8	65.8	342.3	107.5	234.9	168.7	41.1	25.1

Note.—The constant price data for both the payments for individuals and net interest categories are now produced using different deflator series from those used in previous budgets.

Table 3. **BUDGET RECEIPTS BY SOURCE AND OUTLAYS BY FUNCTION, 1973–83**

(In billions of dollars)

Description	Actual										Estimate	
	1973	1974	1975	1976 [1]	TQ	1977	1978	1979	1980	1981	1982	1983
RECEIPTS BY SOURCE												
Individual income taxes	103.2	119.0	122.4	131.6	38.8	157.6	181.0	217.8	244.1	285.9	298.6	304.5
Corporation income taxes	36.2	38.6	40.6	41.4	8.5	54.9	60.0	65.7	64.6	61.1	46.8	65.3
Social insurance taxes and contributions:												
Employment taxes and contributions	54.9	65.9	75.2	79.9	21.8	92.2	103.9	120.1	138.7	163.0	185.5	199.5
Unemployment insurance	6.1	6.8	6.8	8.1	2.7	11.3	13.8	15.4	15.3	15.8	16.5	18.5
Other retirement contributions	2.2	2.3	2.6	2.8	0.7	3.0	3.2	3.5	3.7	4.0	4.5	4.5
Total social insurance taxes and contributions	63.1	75.1	84.5	90.8	25.2	106.5	121.0	138.9	157.8	182.7	206.5	222.5
Excise taxes:												
Alcohol	5.0	5.2	5.2	5.3	1.3	5.3	5.5	5.5	5.6	5.6	6.0	5.9
Tobacco	2.3	2.4	2.3	2.5	0.6	2.4	2.4	2.5	2.4	2.6	2.7	2.7
Highway	5.7	6.3	6.2	5.4	1.7	6.7	6.9	7.2	6.6	6.3	6.6	7.0
Airport and airway	0.8	0.8	1.0	0.9	0.3	1.2	1.3	1.5	1.9	*	0.3	2.7
Windfall profit tax									6.0	23.3	24.2	21.3
Other	2.5	2.1	1.8	2.8	0.6	2.0	2.2	2.0	1.8	3.0	3.2	2.2
Total excise taxes	16.3	16.8	16.6	17.0	4.5	17.5	18.4	18.7	24.3	40.8	43.0	41.7
Estate and gift taxes	4.9	5.0	4.6	5.2	1.5	7.3	5.3	5.4	6.4	6.8	7.2	5.9
Customs duties	3.2	3.3	3.7	4.1	1.2	5.2	6.6	7.4	7.2	8.1	8.9	9.4
Miscellaneous receipts	3.9	5.4	6.7	8.0	1.6	6.5	7.4	9.3	12.7	13.8	15.9	16.8
Total budget receipts	**230.8**	**263.2**	**279.1**	**298.1**	**81.2**	**355.6**	**399.6**	**463.3**	**517.1**	**599.3**	**626.8**	**666.1**
OUTLAYS BY FUNCTION												
National defense [2]	74.5	77.8	85.6	89.4	22.3	97.5	105.2	117.7	135.9	159.8	187.5	221.0
International affairs	4.1	5.7	6.9	5.6	2.2	4.8	5.9	6.1	10.7	11.1	11.1	12.0
General science, space, and technology	4.0	4.0	4.0	4.4	1.2	4.7	4.7	5.0	5.7	6.4	6.9	7.6

Energy	1.2	0.8	2.2	3.1	0.8	4.2	5.9	6.9	6.3	10.3	6.4	4.2
Natural resources and environment	4.8	5.7	7.3	8.1	2.5	10.0	10.9	12.1	13.8	13.5	12.6	9.9
Agriculture	4.9	2.2	1.7	2.5	0.6	5.5	7.7	6.2	4.8	5.6	8.6	4.5
Commerce and housing credit	0.9	3.9	5.6	3.8	1.4	0.1	3.3	2.6	7.8	3.9	3.3	1.6
Transportation	9.1	9.2	10.4	13.4	3.3	14.6	15.4	17.5	21.1	23.4	21.2	19.6
Community and regional development	4.6	4.1	3.7	4.8	1.3	6.3	11.1	9.5	10.1	9.4	8.4	7.3
Education, training, employment, and social services	12.7	12.3	15.9	18.7	5.2	21.0	26.5	29.7	30.8	31.4	27.8	21.6
Health	17.4	20.4	25.7	31.5	8.2	36.6	41.2	47.0	55.2	66.0	73.4	78.1
Income security:												
Social security	48.3	54.9	63.6	72.7	19.8	83.9	92.2	102.6	117.1	138.0	154.6	173.6
Other	24.7	29.5	44.9	54.7	13.0	54.0	54.0	57.6	76.0	87.1	96.3	88.2
Total income security	73.0	84.4	108.6	127.4	32.8	137.9	146.2	160.2	193.1	225.1	250.9	261.7
Veterans benefits and services	12.0	13.4	16.6	18.4	4.0	18.0	19.0	19.9	21.2	23.0	24.2	24.4
Administration of justice	2.1	2.5	2.9	3.3	.9	3.6	3.8	4.2	4.6	4.7	4.5	4.6
General government	2.6	3.2	3.1	2.9	.9	3.2	3.7	4.1	4.5	4.6	5.1	5.0
General purpose fiscal assistance	7.4	6.9	7.2	7.2	2.1	9.5	9.6	8.4	8.6	6.9	6.4	6.7
Interest	22.8	28.0	30.9	34.5	7.2	38.0	44.0	52.6	64.5	82.5	99.1	112.5
Allowances [3]											−0.6	−1.3
Undistributed offsetting receipts	−12.3	−16.7	−14.1	−14.7	−2.6	−15.1	−15.8	−18.5	−21.9	−30.3	−31.5	−43.5
Total budget outlays	**245.6**	**267.9**	**324.2**	**364.5**	**94.2**	**400.5**	**448.4**	**491.0**	**576.7**	**657.2**	**725.3**	**757.6**

[1] In calendar year 1976, the Federal fiscal year was converted from a July 1–June 30 basis to an Oct. 1–Sept. 30 basis. The TQ refers to the transition quarter from July 1 to Sept. 30, 1976.
[2] Includes civilian and military pay raises for the Department of Defense.
[3] Includes allowances for civilian agency pay raises and contingencies for relatively uncontrollable programs, and other requirements.

Table 4. **BUDGET OUTLAYS BY FUNCTION AND SUBFUNCTION, 1973–85**

(In billions of dollars)

Function and subfunction	Actual										Estimate			
	1973	1974	1975	1976	TQ [1]	1977	1978	1979	1980	1981	1982	1983	1984	1985
National defense:														
Department of Defense—Military:														
Military personnel	23.2	23.7	25.0	25.1	6.4	25.7	27.1	28.4	30.8	36.4	38.3	44.5	45.8	47.5
Retired military personnel	4.4	5.1	6.2	7.3	1.9	8.2	9.2	10.3	11.9	13.7	15.0	16.5	17.7	18.8
Operation and maintenance	21.1	22.5	26.3	27.8	7.2	30.6	33.6	36.4	44.8	51.9	60.6	67.3	71.9	79.6
Procurement	15.7	15.2	16.0	16.0	3.8	18.2	20.0	25.4	29.0	35.2	41.3	55.1	70.0	88.3
Research and development	8.2	8.6	8.9	8.9	2.2	9.8	10.5	11.2	13.1	15.3	18.3	22.2	25.6	29.3
Military construction and other [2]	0.7	2.4	2.5	2.8	0.4	3.1	2.7	3.3	3.2	3.6	9.3	10.3	16.0	21.9
Subtotal, Department of Defense—Military	73.2	77.6	84.9	87.9	21.9	95.6	103.0	115.0	132.8	156.1	182.8	215.9	247.0	285.5
Atomic energy defense activities	1.4	1.5	1.5	1.6	0.4	1.9	2.1	2.5	2.9	3.4	4.5	5.2	6.0	6.5
Defense-related activities	−0.1	−1.2	−0.8	−*	−*	*	0.1	0.1	0.1	0.3	0.2	*	*	0.1
Deductions for offsetting receipts	−*	−*	−*	−*	*	−*	−*	−*	−*	−*	−*			
Total national defense	**74.5**	**77.8**	**85.6**	**89.4**	**22.3**	**97.5**	**105.2**	**117.7**	**135.9**	**159.8**	**187.5**	**221.1**	**253.0**	**292.1**
International affairs:														
Foreign economic and financial assistance	1.8	2.5	3.2	2.7	1.1	2.8	2.7	3.0	3.7	4.2	4.3	4.3	4.4	4.4
International security assistance	1.4	1.8	2.4	1.8	1.2	1.6	2.4	2.3	2.8	3.1	3.5	3.8	4.5	4.8
Conduct of foreign affairs	0.5	0.6	0.7	0.7	0.3	1.0	1.1	1.3	1.4	1.3	1.5	1.8	1.9	2.0
Foreign information and exchange activities	0.3	0.3	0.3	0.4	0.1	0.4	0.4	0.5	0.5	0.5	0.6	0.7	0.7	0.7
International financial programs	0.2	0.5	0.4	*	−0.5	−0.9	−0.6	−0.9	2.4	2.0	1.3	1.5	0.9	1.2
Deductions for offsetting receipts	−*	−0.1	−0.1	−0.1	−*	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1
Total international affairs	**4.1**	**5.7**	**6.9**	**5.6**	**2.2**	**4.8**	**5.9**	**6.1**	**10.7**	**11.1**	**11.1**	**12.0**	**12.3**	**13.0**
General science, space, and technology:														
General science and basic research	1.0	1.0	1.0	1.0	0.3	1.1	1.2	1.3	1.4	1.5	1.7	1.6	1.8	1.7
Space flight	1.7	1.7	1.7	2.0	0.5	2.3	2.3	2.2	2.6	3.1	3.5	4.0	3.8	3.5
Space science, applications, and technology	1.0	0.9	1.0	1.0	0.3	1.0	1.0	1.2	1.3	1.4	1.3	1.5	1.5	1.5
Supporting space activities	0.3	0.3	0.3	0.4	0.1	0.3	0.4	0.4	0.4	0.4	0.5	0.6	0.7	0.7

Deductions for offsetting receipts	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*
Total general science, space, and technology	**4.0**	**4.0**	**4.0**	**4.4**	**1.2**	**4.7**	**4.7**	**5.0**	**5.7**	**6.4**	**6.9**	**7.6**	**7.8**	**7.4**
Energy:														
Energy supply	1.0	0.5	1.7	2.5	0.6	3.3	4.0	4.9	4.6	5.4	4.6	3.0	2.6	2.7
Energy conservation		*	*	0.1	*	0.1	0.2	0.3	0.6	0.8	0.7	0.3	0.2	*
Emergency energy preparedness			*	0.1	*	0.1	0.9	1.0	0.3	3.3	0.2	0.3	0.4	0.4
Energy information, policy, and regulation	0.2	0.3	0.4	0.6	0.1	0.7	0.8	0.7	0.9	0.9	1.0	0.7	0.7	0.7
Deductions for offsetting receipts	−*	−*	−*	−0.1	−*	−*	−*	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1
Total energy	**1.2**	**0.8**	**2.2**	**3.1**	**0.8**	**4.2**	**5.9**	**6.9**	**6.3**	**10.3**	**6.4**	**4.2**	**3.8**	**3.8**
Natural resources and environment:														
Water resources	2.2	2.2	2.6	2.8	0.8	3.2	3.5	3.9	4.3	4.2	4.1	3.4	3.4	3.4
Conservation and land management	0.7	0.7	1.3	1.2	0.5	1.3	2.0	1.9	2.3	2.6	2.2	1.5	1.3	1.3
Recreation resources	0.6	0.7	0.8	0.9	0.3	1.0	1.4	1.5	1.7	1.6	1.6	1.4	1.2	1.2
Pollution control and abatement	1.1	2.0	2.5	3.1	1.1	4.3	4.0	4.7	5.5	5.2	5.4	4.6	4.1	3.9
Other natural resources	0.6	0.7	0.8	0.9	0.2	1.0	1.2	1.3	1.4	1.5	1.6	1.5	1.5	1.5
Deductions for offsetting receipts	−0.5	−0.7	−0.7	−0.8	−0.3	−0.8	−1.1	−1.2	−1.4	−1.6	−2.3	−2.5	−3.1	−3.6
Total natural resources and environment	**4.8**	**5.7**	**7.3**	**8.1**	**2.5**	**10.0**	**10.9**	**12.1**	**13.8**	**13.5**	**12.6**	**9.9**	**8.4**	**7.7**
Agriculture:														
Farm income stabilization	4.1	1.5	0.8	1.6	0.3	4.5	6.6	4.8	3.5	4.0	7.0	2.9	3.6	3.1
Agricultural research and services	0.8	0.8	0.9	0.9	0.2	1.1	1.1	1.3	1.4	1.5	1.6	1.6	1.5	1.5
Deductions for offsetting receipts	−*	−*	−*	*	*	−*	*	*	−0.1	*	−*	−*	−*	−*
Total agriculture	**4.9**	**2.2**	**1.7**	**2.5**	**0.6**	**5.5**	**7.7**	**6.2**	**4.8**	**5.6**	**8.6**	**4.5**	**5.1**	**4.6**
Commerce and housing credit:														
Mortgage credit and thrift insurance	−1.2	1.5	2.8	1.2	0.3	−3.3	0.2	−0.7	3.7	0.7	0.9	−0.2	−0.4	−2.1
Postal Service	1.6	1.7	1.9	1.7	0.9	2.3	1.8	1.8	1.7	1.3	0.6	0.5	0.5	0.5
Other advancement of commerce	0.6	0.7	0.9	0.9	0.2	1.1	1.3	1.5	2.4	2.0	1.7	1.3	1.2	1.1
Deductions for offsetting receipts	−*	−*	−*	−*	−*	−*	−*	*	−*	−*	−*	−*	−*	−*

Table 4. **BUDGET OUTLAYS BY FUNCTION AND SUBFUNCTION, 1973–85**—Continued

(In billions of dollars)

Function and subfunction	Actual										Estimate			
	1973	1974	1975	1976	TQ[1]	1977	1978	1979	1980	1981	1982	1983	1984	1985
Total commerce and housing credit	**0.9**	**3.9**	**5.6**	**3.8**	**1.4**	**0.1**	**3.3**	**2.6**	**7.8**	**3.9**	**3.3**	**1.6**	**1.3**	**−0.5**
Transportation:														
Ground transportation	5.6	5.6	6.5	9.3	2.3	10.0	10.4	12.1	15.1	17.1	14.7	13.0	12.5	12.5
Air transportation	2.2	2.2	2.4	2.6	0.6	2.8	3.3	3.4	3.8	3.8	3.7	4.0	4.2	4.8
Water transportation	1.2	1.4	1.5	1.6	0.4	1.7	1.9	2.0	2.2	2.4	2.8	2.6	2.0	2.1
Other transportation	0.1	0.1	0.1	0.1	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Deductions for offsetting receipts	−*	−0.1	−0.1	−*	−*	−*	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1
Total transportation	**9.1**	**9.2**	**10.4**	**13.4**	**3.3**	**14.6**	**15.4**	**17.5**	**21.1**	**23.4**	**21.2**	**19.6**	**18.8**	**19.4**
Community and regional development:														
Community development	2.0	2.1	2.3	2.8	0.9	3.4	3.3	4.0	4.9	5.1	5.1	4.3	4.1	4.4
Area and regional development	1.0	1.3	1.1	1.5	0.4	2.3	4.9	4.0	3.2	2.7	2.8	2.7	2.4	2.3
Disaster relief and insurance	1.6	0.8	0.4	0.5	0.1	0.6	2.9	1.6	2.0	1.6	0.5	0.2	0.2	0.2
Deductions for offsetting receipts	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*	−0.1	−0.1	−0.1	−*
Total community and regional development	**4.6**	**4.1**	**3.7**	**4.8**	**1.3**	**6.3**	**11.1**	**9.5**	**10.1**	**9.4**	**8.4**	**7.3**	**6.7**	**6.9**
Education, training, employment, and social services:														
Elementary, secondary, and vocational education	3.3	3.3	4.2	4.2	1.1	4.6	5.1	6.0	6.7	7.0	7.1	5.5	4.5	3.9
Higher education	1.5	1.3	2.0	2.7	0.7	3.1	3.5	4.5	5.7	6.8	7.0	6.3	4.7	4.3
Research and general education aids	0.7	0.9	0.9	0.8	0.2	0.9	1.1	1.2	1.4	1.2	1.3	1.3	1.1	1.0
Training and employment	3.3	2.9	4.1	6.3	1.9	6.9	10.8	10.8	10.3	9.2	5.4	2.8	3.4	2.9
Other labor services	0.2	0.2	0.3	0.3	0.1	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Social services	3.7	3.7	4.4	4.5	1.2	5.1	5.6	6.6	6.1	6.5	6.4	5.1	5.0	5.0
Deductions for offsetting receipts	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*	−*

Total education, training, employment, and social services	**12.7**	**12.3**	**15.9**	**18.7**	**5.2**	**21.0**	**26.5**	**29.7**	**30.8**	**31.4**	**27.8**	**21.6**	**19.3**	**17.8**
Health:														
Health care services	14.6	17.3	22.3	27.5	7.2	32.3	36.7	42.5	50.1	60.4	68.0	72.7	79.6	88.2
Health research	1.6	1.7	1.9	2.3	0.5	2.5	2.8	3.0	3.4	3.8	3.8	3.9	4.0	4.0
Education and training of health care work force	0.9	0.8	0.9	1.0	0.3	1.0	0.9	0.6	0.7	0.8	0.6	0.5	0.4	0.3
Consumer and occupational health and safety	0.4	0.5	0.6	0.7	0.2	0.7	0.8	0.9	1.0	1.0	1.0	1.1	1.0	1.0
Deductions for offsetting receipts	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total health	**17.4**	**20.4**	**25.7**	**31.5**	**8.2**	**36.6**	**41.2**	**47.0**	**55.2**	**66.0**	**73.4**	**78.1**	**84.9**	**93.5**
Income security:														
General retirement and disability insurance	51.7	58.6	69.3	77.2	20.9	88.6	97.2	108 .5	123.7	145.0	162.3	175.7	190.6	204.4
Federal employee retirement and disability	4.5	5.6	7.0	8.2	2.3	9.5	10.7	12.4	14.7	17.5	19.4	21.1	22.5	24.1
Unemployment compensation	5.4	6.1	13.5	19.5	4.0	15.3	11.8	10.7	18.0	19.7	25.2	22.6	19.8	18.0
Housing assistance	1.6	1.8	2.1	2.5	0.7	3.0	3.7	4.4	5.5	6.9	8.2	8.9	9.4	9.9
Food and nutrition assistance	3.6	4.4	6.6	8.0	1.8	8.5	8.9	10.8	14.0	16.2	15.6	13.8	14.0	14.4
Other income security	6.2	7.9	10.1	12.2	3.1	13.0	13.9	13.4	17.2	19.7	20.2	19.8	18.6	19.3
Total income security	**73.0**	**84.4**	**108.6**	**127.4**	**32.8**	**137.9**	**146.2**	**160.2**	**193.1**	**225.1**	**250.9**	**261.7**	**274.8**	**290.1**
Veterans benefits and services:														
Income security for veterans	6.5	6.8	7.9	8.4	2.1	9.2	9.7	10.8	11.7	12.9	14.1	14.8	15.4	16.2
Veterans education, training, and rehabilitation	2.8	3.2	4.6	5.5	0.8	3.7	3.4	2.8	2.3	2.3	1.9	1.6	1.3	1.0
Hospital and medical care for veterans	2.7	3.0	3.7	4.0	1.0	4.7	5.3	5.6	6.5	7.0	7.6	8.1	8.4	8.8
Veterans housing	—0.4	—*	*	—0.1	—*	—0.1	—*	0.2	—*	0.2	—0.1	—0.9	—0.3	0.1
Other veterans benefits and services	0.4	0.4	0.5	0.6	0.1	0.5	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Deductions for offsetting receipts	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total veterans benefits and services	**12.0**	**13.4**	**16.6**	**18.4**	**4.0**	**18.0**	**19.0**	**19.9**	**21.2**	**23.0**	**24.2**	**24.4**	**25.6**	**26.9**
Administration of justice:														
Federal law enforcement activities	1.0	1.1	1.3	1.5	0.4	1.7	1.8	2.0	2.2	2.4	2.5	2.6	2.7	2.6
Federal litigative and judicial activities	0.4	0.4	0.5	0.7	0.2	0.8	0.9	1.1	1.3	1.5	1.4	1.4	1.4	1.5
Federal correctional activities	0.1	0.2	0.2	0.2	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Criminal justice assistance	0.6	0.8	0.9	0.9	0.2	0.8	0.7	0.7	0.7	0.5	0.3	0.2	0.1	0.1

Table 4. **BUDGET OUTLAYS BY FUNCTION AND SUBFUNCTION, 1973–85**—Continued

(in billions of dollars)

Function and subfunction	Actual										Estimate			
	1973	1974	1975	1976	TQ[1]	1977	1978	1979	1980	1981	1982	1983	1984	1985
Deductions for offsetting receipts	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*
Total administration of justice	**2.1**	**2.5**	**2.9**	**3.3**	**0.9**	**3.6**	**3.8**	**4.2**	**4.6**	**4.7**	**4.5**	**4.6**	**4.6**	**4.5**
General government:														
Legislative functions	0.4	0.5	0.6	0.7	0.2	0.8	0.9	0.9	1.0	1.0	1.2	1.2	1.3	1.3
Executive direction and management	0.1	0.1	0.1	0.1	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Central fiscal operations	1.2	1.3	1.8	1.8	0.4	1.8	2.1	2.3	2.5	2.6	2.8	3.1	3.1	3.0
General property and records management	0.9	1.0	0.4	0.1	0.1	0.1	0.2	0.2	0.4	0.2	0.4	0.2	0.1	0.1
Central personnel management	0.1	0.1	0.1	0.1	*	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1
Other general government	0.2	0.4	0.4	0.4	0.2	0.4	0.4	0.5	0.5	0.7	0.7	0.7	0.8	0.6
Deductions for offsetting receipts	–0.3	–0.2	–0.2	–0.2	–0.1	–0.2	–0.2	–0.1	–0.2	–0.2	–0.2	–0.4	–0.4	–0.4
Total general government	**2.6**	**3.2**	**3.1**	**2.9**	**0.9**	**3.2**	**3.7**	**4.1**	**4.5**	**4.6**	**5.1**	**5.0**	**5.2**	**4.9**
General purpose fiscal assistance:														
General revenue sharing	6.6	6.1	6.1	6.2	1.6	6.8	6.8	6.9	6.8	5.1	4.6	4.6	4.6	4.6
Other general purpose fiscal assistance	0.7	0.8	1.1	1.0	0.5	2.7	2.8	1.5	1.7	1.7	1.8	2.1	2.2	2.5
Total general purpose fiscal assistance	**7.4**	**6.9**	**7.2**	**7.2**	**2.1**	**9.5**	**9.6**	**8.4**	**8.6**	**6.9**	**6.4**	**6.7**	**6.8**	**7.1**
Interest:														
Interest on the public debt	24.2	29.3	32.7	37.1	8.1	41.9	48.7	59.8	74.8	95.5	115.7	132.9	140.7	146.6
Other interest	–1.4	–1.3	–1.8	–2.6	–0.9	–3.9	–4.7	–7.3	–10.3	–13.0	–16.6	–20.4	–24.5	–26.9
Total interest	**22.8**	**28.0**	**30.9**	**34.5**	**7.2**	**38.0**	**44.0**	**52.6**	**64.5**	**82.5**	**99.1**	**112.5**	**116.2**	**119.7**
Allowances:														
Civilian agency pay raises											0.4	0.7	1.8	3.3
Contingencies for other requirements														
Management reforms and savings											–1.0	–2.0	–2.0	–3.7

Total allowances											−0.6	−1.3	−0.2	−0.4
Undistributed offsetting receipts:														
Employer share, employee retirement	−2.9	−3.3	−4.0	−4.2	−1.0	−4.5	−5.0	−5.3	−5.8	−6.4	−7.6	−8.4	−8.7	−9.1
Interest received by trust funds	−5.4	−6.6	−7.7	−7.8	−0.3	−8.1	−8.5	−10.0	−12.0	−13.8	−16.1	−16.1	−17.5	−18.9
Rents and royalties on the Outer Continental Shelf	−4.0	−6.7	−2.4	−2.7	−1.3	−2.4	−2.3	−3.3	−4.1	−10.1	−7.9	−18.0	−18.0	−18.0
Federal surplus property disposition												−1.0	−4.0	−4.0
Total undistributed offsetting receipts	**−12.3**	**−16.7**	**−14.1**	**−14.7**	**−2.6**	**−15.1**	**−15.8**	**−18.5**	**−21.9**	**−30.3**	**−31.5**	**−43.5**	**−48.2**	**−50.0**
Total budget outlays	**245.6**	**267.9**	**324.2**	**364.5**	**94.2**	**400.5**	**448.4**	**491.0**	**576.7**	**657.2**	**725.3**	**757.6**	**805.9**	**868.5**
Outlays of off-budget Federal entities:														
International affairs			*0.1*	*0.8*	*0.2*	*1.4*	*1.5*	*1.3*	*1.9*	*1.9*	*2.7*	*3.7*	*4.2*	*3.0*
General science, space and technology						*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	*0.2*	*0.1*	*−0.2*	*−0.2*
Energy	*0.1*	*0.5*	*0.7*	*1.1*	*0.3*	*1.2*	*2.2*	*2.1*	*3.8*	*4.9*	*8.5*	*8.6*	*7.5*	*7.0*
Agriculture			*1.4*	*0.7*	*0.4*	*1.2*	*3.6*	*5.0*	*4.0*	*5.8*	*1.1*	*−0.4*	*−0.4*	*−0.4*
Commerce and housing credit:														
Postal Service		*0.8*	*1.1*	*1.1*	*−0.7*	*−0.2*	*−0.5*	*−0.9*	*−0.4*	*−0.1*	*0.6*	*0.7*	*0.9*	*0.8*
Mortgage credit and other			*3.2*	*2.6*	*0.2*	*3.2*	*3.4*	*3.0*	*2.0*	*4.2*	*3.5*	*1.0*	*0.3*	*0.2*
Total, commerce and housing credit		*0.8*	*4.3*	*3.8*	*−0.5*	*3.0*	*2.9*	*2.1*	*1.6*	*4.3*	*4.0*	*1.7*	*1.2*	*1.1*
Transportation			*0.5*	*0.3*	*0.1*	*0.2*	*0.1*	*0.1*	*0.2*	*—**	*—**	***	*−0.1*	*—**
Community and regional development	***	*0.1*	*0.6*	*0.7*	*0.2*	*0.7*	*0.8*	*0.9*	*1.2*	*1.2*	*1.3*	*0.9*	*0.7*	*0.6*
Education		*0.1*	*0.1*	*0.2*	***	*0.1*	*0.2*	*0.5*	*1.1*	*2.0*	*0.7*			
Health		***	*0.1*	*0.1*	***	*0.1*	***	***	***	***	***	***	*—**	*—**
Income security									*0.1*	*0.8*	*1.2*	*1.0*	*1.4*	*−0.1*
General government			*0.2*	*−0.2*	*−0.1*	*0.2*	***	*—**	*0.2*	*0.1*	*0.1*	*—**	*—**	*—**
General purpose fiscal assistance					*1.1*	*0.1*	*−1.2*							
Outlays off-budget Federal entities	*0.1*	*1.4*	*8.1*	*7.3*	*1.8*	*8.7*	*10.4*	*12.5*	*14.2*	*21.0*	*19.7*	*15.7*	*14.3*	*11.0*
Outlays including off-budget Federal entities	*245.7*	*269.4*	*332.3*	*371.8*	*96.0*	*409.2*	*458.7*	*503.5*	*590.9*	*678.2*	*745.0*	*733.3*	*820.2*	*879.4*

*$50 million or less.

[1] In calendar year 1976, the Federal fiscal year was converted from a July 1–June 30 basis to an Oct. 1–Sept. 30 basis. The TQ refers to the transition quarter from July 1 to Sept. 30, 1976.

[2] The estimates for 1982–84 include allowances for civilian and military pay raises for Department of Defense.

Table 5. BUDGET AUTHORITY AND OUTLAYS BY AGENCY

(In millions of dollars)

Department or other unit	Budget authority			Outlays		
	1981 actual	1982 estimate	1983 estimate	1981 actual	1982 estimate	1983 estimate
Legislative branch	1,247	1,423	1,465	1,209	1,502	1,450
The Judiciary	653	741	842	637	730	824
Executive Office of the President	103	90	102	96	92	99
Funds appropriated to the President	14,662	11,036	11,483	7,010	6,370	6,936
Agriculture	28,169	30,251	24,748	26,034	29,442	23,533
Commerce [1]	11,160	10,044	9,730	11,484	11,646	9,862
Defense—Military [2 3]	178,386	214,060	257,469	156,096	182,800	215,900
Defense—Civil	3,097	2,918	2,292	3,148	2,991	2,286
Health and Human Services [2]	225,844	251,358	268,411	228,115	252,938	274,165
Housing and Urban Development	33,350	13,020	685	14,033	14,614	13,130
Interior [1 2]	6,359	2,929	3,270	6,775	3,139	3,270
Justice [1 2]	2,457	2,454	2,644	2,752	2,643	2,727
Labor	29,452	26,623	26,418	30,084	32,075	26,451
State	2,332	2,541	2,673	1,897	2,183	2,447
Transportation [4]	23,710	20,300	18,438	22,509	20,567	18,980
Treasury [2]	92,681	110,308	124,957	93,372	110,022	124,545
Environmental Protection Agency	3,025	3,674	3,590	5,241	5,434	4,644
National Aeronautics and Space Administration	5,518	5,936	6,608	5,421	5,827	6,577
Veterans Administration	23,133	24,754	25,621	22,904	24,134	24,356
Other independent agencies [1 2]	63,383	63,114	53,181	48,706	48,306	40,187
Allowances [5]		−608	−1,243		−624	−1,257
Undistributed offsetting receipts:						
Employer share, employee retirement	−6,371	−7,560	−8,353	−6,371	−7,560	−8,353
Interest received by trust funds	−13,810	−16,080	−16,122	−13,810	−16,080	−16,122
Rents and royalties on the Outer Continental Shelf lands	−10,138	−7,861	−18,000	−10,1384	−7,861	−18,000
Federal surplus property disposition			−1,000			−1,000
Total budget authority and outlays	718,400	765,646	801,910	657,204	725,331	757,638
MEMORANDUM						
Portion available through current action by Congress	437,841	446,859	461,125	274,380	300,333	309,132
Portion available without current action by Congress	379,425	434,957	475,787	289,644	340,338	387,036
Outlays from obligated balances [6]				140,506	155,481	165,530
Outlays from unobligated balances [6]				51,540	45,531	30,942
Deductions for offsetting receipts:						
Intragovernmental transactions	−66,377	−81,787	−86,737	−66,377	−81,787	−86,737
Proprietary receipts from the public	−32,490	−34,565	−47,265	−32,490	−34,565	−47,265
Total budget authority and outlays	718,400	765,464	802,910	657,204	725,331	757,638

[1] The buget proposes dismantlement of the Department of Energy (DOE), effective October 1, 1982. Budget data for activities previously performed by DOE are included in the agencies that are proposed to assume these activities.

[2] The budget proposes dismantlement of the Department of Education (DEd), effective October 1, 1982. Budget data for activities previously performed by DEd are included in the agencies that are proposed to assume these responsibilities.

[3] Includes allowances for civilian and military pay raises for Department of Defense.

[4] Includes allowance for military pay raises for the Coast Guard.

[5] Includes allowances for civilian agency pay raises and contingencies.

[6] Outlays from appropriations to liquidate contract authority are included as outlays from balances.

Table 6. NEW DIRECT LOAN OBLIGATIONS BY AGENCY

(In millions of dollars)

Department or other unit	1981 actual	1982 estimate	1983 estimate
ON-BUDGET AGENCIES			
Funds Appropriated to the President	1,339	1,539	3,217
Agriculture	23,687	24,966	19,429
Commerce	69	44	...
Health and Human Services	63	54	40
Housing and Urban Development	5,429	4,766	1,772
Interior	38	83	123
Labor	*	3	3
State	1	1	1
Transportation	75	188	59
Treasury	138	344	100
Veterans Administration	987	878	936
Other independent agencies:			
District of Columbia	214	225	145
Export-Import Bank	5,431	4,400	3,830
Foundation for Education Assistance	421	589	548
National Credit Union Administration	75	336	478
Small Business Administration	2,393	1,352	994
All other independent agencies	498	94	80
Subtotal, on-budget agencies	**40,857**	**39,861**	**31,754**
OFF-BUDGET AGENCIES			
Rural Electrification Administration	1,260	1,285	885
Federal Financing Bank (FFB)	30,269	28,377	24,701
United States Railway Association	17	1	...
Subtotal, off-budget agencies	**31,545**	**29,663**	**25,586**
Subtotal on- and off-budget agencies	**72,402**	**69,524**	**57,340**
Less: Loan assets sold to the FFB	−15,208	−13,173	−8,346
Total	**57,194**	**56,351**	**48,994**

* Less than $50 thousand.

Table 7. NEW LOAN GUARANTEE COMMITMENTS BY AGENCY

(In millions of dollars)

Department or other unit	1981 actual	1982 estimate	1983 estimate
Funds Appropriated to the President	2,776	3,334	4,179
Agriculture [1]	22,583	20,072	14,215
Commerce	3,507	134	25
Health and Human Services	69	116	104
Housing and Urban Development	85,284	95,027	93,171
Interior	1	58	24
Transportation	1,472	866	600
Treasury	700	1,000	.....
Veterans Administration	11,719	19,542	22,451
National Aeronautics and Space Administration	111	206	171
Other independent agencies:			
Export-Import Bank	7,416	8,000	8,000
Foundation for Education Assistance	9,717	10,200	10,300
Tennessee Valley Authority	3,624	4,285	5,289
Small Business Administration	3,617	3,156	2,850
All other independent agencies	135	135	75
Subtotal, guaranteed loans (gross)	**152,729**	**166,130**	**161,455**
Less:			
Secondary guarantee	−44,113	−48,700	−38,400
Guaranteed loans held as direct loans	−32,101	−30,365	−24,701
Total	**76,515**	**87,065**	**98,354**

[1] Includes Rural Electrification Administration off-budget activities as follows: 1981, $5,131 million; 1982, $4,245 million; 1983, $3,760 million.

Table 8. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1964–85

(Dollar amounts in billions)

Fiscal year	Gross national product	Budget receipts		Outlays						Surplus or deficit (–)				Federal debt, end of year			
				Budget		Off-budget Federal entities		Total		Budget		Total (including off-budget) [1]		Total		Held by the public	
		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1964	618.2	112.7	18.2	118.6	19.2	.....	.....	118.6	19.2	−5.9	1.0	−5.9	1.0	316.8	51.2	257.6	41.7
1965	659.5	116.8	17.7	118.4	18.0	.....	.....	118.4	17.9	−1.6	.2	−1.6	.2	323.2	49.0	261.6	39.6
1966	724.1	130.9	18.1	134.7	18.6	.....	.....	134.7	18.6	−3.8	.5	−3.8	.5	329.5	45.5	264.7	36.5
1967	777.3	148.9	19.2	157.6	20.3	.....	.....	157.6	20.3	−8.7	1.1	−8.7	1.1	341.3	43.9	267.5	34.5
1968	831.3	153.0	18.4	178.1	21.4	.....	.....	178.1	21.4	−25.2	3.0	−25.2	3.0	369.8	44.5	290.6	34.8
1969	910.6	186.9	20.5	183.6	20.2	.....	.....	183.6	20.2	3.2	.4	3.2	.4	367.1	40.3	279.5	30.7
1970	968.8	192.8	19.9	195.7	20.2	.....	.....	195.7	20.2	−2.8	.3	−2.8	.3	382.6	39.5	284.9	29.4
1971	1,031.5	187.1	18.1	210.2	20.4	.....	.....	210.2	20.4	−23.0	2.2	−23.0	2.2	409.5	39.7	304.3	29.5
1972	1,128.8	207.3	18.4	230.7	20.4	.....	.....	230.7	20.4	−23.4	2.1	−23.4	2.1	437.3	38.7	323.8	28.7
1973	1,252.0	230.8	18.4	245.6	19.6	.1	*	245.7	19.6	−14.8	1.2	−14.9	1.2	468.4	37.4	343.0	27.4
1974	1,379.4	263.2	19.1	267.9	19.4	1.4	.1	269.4	19.5	−4.7	.3	−6.1	.4	486.2	35.3	346.1	25.1
1975	1,479.9	279.1	18.9	324.2	21.9	8.1	.6	332.3	22.5	−45.2	3.1	−53.2	3.6	544.1	36.8	396.9	26.8
1976	1,640.1	298.1	18.2	364.5	22.2	7.3	.4	371.8	22.7	−66.4	4.0	−73.7	4.5	631.9	38.5	480.3	29.3
1977	1,864.1	355.6	19.1	400.5	21.5	8.7	.5	409.2	22.0	−44.9	2.4	−53.6	2.9	709.1	38.0	551.8	29.6
1978	2,083.8	399.6	19.2	448.4	21.5	10.4	.5	458.7	22.0	−48.8	2.3	−59.2	2.8	780.4	37.5	610.9	29.3
1979	2,353.3	463.3	19.7	491.0	20.9	12.5	.5	503.5	21.4	−27.7	1.2	−40.2	1.7	833.8	35.6	644.6	27.4
1980	2,567.5	517.1	20.1	576.7	22.5	14.2	.6	590.9	23.0	−59.6	2.3	−73.8	2.9	914.3	35.6	715.1	27.9
1981	2,858.6	559.3	21.0	657.2	23.0	21.0	.7	678.2	23.7	−57.9	2.0	−78.9	2.8	1,003.9	35.1	794.4	27.8
1982 estimate	3,082.4	626.8	20.3	725.3	23.5	19.7	.6	745.0	24.2	−98.6	3.2	−118.3	3.8	1,134.2	36.8	913.4	29.6
1983 estimate	3,433.6	666.1	19.4	757.6	22.1	15.7	.5	773.3	22.5	−91.5	2.7	−107.2	3.1	1,258.4	36.6	1,021.4	29.7
1984 estimate	3,791.9	723.0	19.1	805.9	21.3	14.3	.4	820.2	21.6	−82.9	2.2	−97.2	2.6	1,372.8	36.2	1,117.9	29.5
1985 estimate	4,163.5	796.6	19.1	868.5	20.9	11.0	.3	879.4	21.1	−71.9	1.7	−82.8	2.0	1,486.1	35.7	1,199.9	28.8

*0.05% or less.

[1] The off-budget deficits are equal to the off-budget outlays but with the opposite sign.

Table 9. **FULL-TIME EQUIVALENT OF TOTAL FEDERAL CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH** [1]

(Excluding the Postal Service)

	Fiscal year				
	1981 estimate [2]	1982 revised Budget estimate [3]	1982 current estimate	1983 estimate	1984 estimate
Agriculture	117,300	121,000	117,000	111,000	108,900
Commerce [4] [5]	52,600	45,500	45,600	40,500	38,200
Defense—civil functions	34,400	32,300	32,300	30,700	29,100
Health and Human Services [6]	148,400	154,400	147,600	141,400	137,600
Housing and Urban Development	16,100	15,700	14,900	14,400	14,100
Interior [5] [6]	85,900	87,400	85,000	81,600	79,300
Justice [5] [6]	56,900	55,100	56,400	55,800	54,400
Labor	22,600	21,600	19,200	18,600	18,400
State	23,400	22,900	23,000	23,300	23,500
Transportation [4]	58,800	69,300	60,100	61,900	62,500
Treasury [6]	123,900	124,400	122,200	123,000	122,200
Environmental Protection Agency	12,700	12,900	12,200	10,500	10,500
National Aeronautics and Space Administration	22,600	22,700	22,500	22,000	22,000
Veterans Administration	214,100	209,600	215,900	216,800	218,900
Other:					
Foundation for Education Assistance [6]	6,200	5,300	5,400	4,800	4,800
General Services Administration	34,000	32,800	32,300	31,000	29,500
International Communication Agency [6]	7,900	7,600	7,900	7,900	7,900
International Development Cooperation Agency	5,800	5,800	5,700	5,600	5,400
Nuclear Regulatory Commission	3,400	3,400	3,400	3,400	3,300
Office of Personnel Management	7,200	6,600	6,400	5,900	5,800
Panama Canal Commission	8,900	9,100	9,000	9,000	9,000
Small Business Administration	5,000	4,700	4,500	4,200	4,100
Tennessee Valley Authority	50,100	44,800	42,500	41,400	40,300
Miscellaneous [5] [6]	45,500	47,200	43,100	40,700	39,900
Undistributed reduction					−2,500
Subtotal	1,163,700	1,162,100	1,134,100	1,105,400	1,087,100
Defense—military functions [6] [7]	947,000	937,700	945,200	947,300	947,000
Subtotal	2,110,700	2,099,800	2,079,300	2,052,700	2,034,100
Contingencies [8]		1,000	1,000	1,000	1,000
Total	2,110,700	2,100,800	2,080,300	2,053,700	2,035,100

[1] Excludes developmental positions under the worker-trainee opportunity program (WTOP) as well as certain statutory exemptions.
[2] Data are estimated because most executive branch agencies were not reporting full-time equivalent (FTE) information prior to October 1981.
[3] As contained in the revised 1982 Budget, transmitted to the Congress in March 1981.
[4] Reflects the transfer, during 1981, of the Maritime Administration from the Department of Commerce to the Department of Transportation.
[5] The budget proposes dismantlement of the Department of Energy (DOE), effective October 1, 1982. Employment data for activities previously performed by DOE are included in the agencies that are proposed to assume these activities.
[6] The budget proposes dismantlement of the Department of Education (DEd), effective October 1, 1982. Employment data for activities previously performed by DEd are included in the agencies that are proposed to assume these responsibilities.
[7] Section 904 of the 1982 Defense Authorization Act (Public Law 97–86) exempts the Department of Defense from full-time equivalent employment controls.
[8] Subject to later distribution.

Table 10. **BUDGET RECEIPTS AND OUTLAYS, 1789–1985 (in millions of dollars)**

Fiscal year	Budget receipts	Budget outlays	Budget surplus or deficit (–)
1789–1849	1,160	1,090	+70
1850–1900	14,462	15,453	–991
1901–1905	2,797	2,678	+119
1906–1910	3,143	3,196	–52
1911–1915	3,517	3,568	–49
1916–1920	17,286	40,195	–22,909
1921	5,571	5,062	+509
1922	4,026	3,289	+736
1923	3,853	3,140	+713
1924	3,871	2,908	+963
1925	3,641	2,924	+717
1926	3,795	2,930	+865
1927	4,013	2,857	+1,155
1928	3,900	2,961	+939
1929	3,862	3,127	+734
1930	4,058	3,320	+738
1931	3,116	3,577	–462
1932	1,924	4,659	–2,735
1933	1,997	4,598	–2,602
1934	3,015	6,645	–3,630
1935	3,706	6,497	–2,791
1936	3,997	8,442	–4,425
1937	4,956	7,733	–2,777
1938	5,588	6,765	–1,177
1939	4,979	8,841	–3,862
1940	6,361	9,456	–3,095
1941	8,621	13,634	–5,013
1942	14,350	35,114	–20,764
1943	23,649	78,533	–54,884
1944	44,276	91,280	–47,004
1945	45,216	92,690	–47,474
1946	39,327	55,183	–15,856
1947	38,394	34,532	+3,862
1948	41,774	29,773	+12,001
1949	39,437	38,834	+603
1950	39,485	42,597	–3,112
1951	51,646	45,546	+6,100
1952	66,204	67,721	–1,517
1953	69,574	76,107	–6,533
1954	69,719	70,890	–1,170
1955	65,469	68,509	–3,041
1956	74,547	70,460	+4,087
1957	79,990	76,741	+3,249
1958	79,636	82,575	–2,939
1959	79,249	92,104	–12,855
1960	92,492	92,223	+269
1961	94,389	97,795	–3,406
1962	99,676	106,813	–7,137
1963	106,560	111,311	–4,751
1964	112,662	118,584	–5,922
1965	116,833	118,430	–1,596
1966	130,856	134,652	–3,796
1967	148,906	157,608	–8,702
1968	152,973	178,134	–25,161
1969	186,882	183,645	+3,236
1970	192,807	195,652	–2,845
1971	187,139	210,172	–23,033
1972	207,309	230,681	–23,373
1973	230,799	245,647	–14,849
1974	263,224	267,912	–4,688
1975	279,090	324,245	–45,154
1976	298,060	364,473	–66,413
TQ	81,232	94,188	–12,956
1977	355,559	400,506	–44,948
1978	399,561	448,368	–48,807
1979	463,302	490,997	–27,694
1980	517,112	576,675	–59,563
1981	599,272	657,204	–57,932
1982 est	626,753	725,331	–98,578
1983 est	666,118	757,638	–91,520
1984 est	723,017	805,935	–82,918
1985 est	796,583	868,466	–71,883

Totals, including outlays of off-budget Federal entities

Fiscal year	Outlays of off-budget Federal entities	Total outlays	Total budget surplus or deficit (–)
1973	60	245,707	–14,908
1974	1,447	269,359	–6,135
1975	8,088	332,332	–53,242
1976	7,307	371,779	–73,719
TQ	1,785	95,973	–14,741
1977	8,700	409,206	–53,647
1978	10,359	458,726	–59,166
1979	12,467	503,464	–40,162
1980	14,245	590,920	–73,808
1981	21,005	678,209	–78,936
1982 est	19,689	745,020	–118,267
1983 est	15,701	773,339	–107,221
1984 est	14,285	820,220	–97,204
1985 est	10,950	879,416	–82,833

Data for 1789–1939 are for the administrative budget; data for 1940 and all following years are for the unified budget.

In calendar year 1976, the Federal fiscal year was converted from a July 1–June 30 basis to an Oct. 1–Sept. 30 basis. The TQ refers to the transition quarter from July 1 to Sept. 30, 1976.

Off-budget Federal entity outlays begin in 1973.

GLOSSARY [1]

AUTHORIZING LEGISLATION—Legislation enacted by the Congress that sets up or continues the legal operation of a Federal program or agency. Such legislation is normally a prerequisite for subsequent appropriations, but does not usually provide budget authority (see below).

BUDGET AMENDMENT—A proposal that the President transmits to the Congress to revise his budget request after he formally transmits the budget but before the Congress has completed appropriations action.

BUDGET AUTHORITY (BA)—Authority provided by law to enter into obligations that will result in immediate or future outlays. It may be classified by the period of availability, by the timing of congressional action, or by the manner of determining the amount available. The basic forms of budget authority are:

Appropriations—Authority that permits Federal agencies to incur obligations and to make payments.

Authority to borrow—Authority that permits Federal agencies to incur obligations and to borrow money to make payments.

Contract authority—Authority that permits Federal agencies to enter into contracts or incur other obligations in advance of an appropriation.

BUDGET RECEIPTS—Money, net of refunds, collected from the public by the Federal Government through the exercise of its governmental or sovereign powers. Budget receipts also include premiums from voluntary participants in Federal social insurance programs closely associated with compulsory programs, as well as gifts and contributions. Excluded are amounts received from strictly business-type transactions (such as sales, interest, or loan repayments) and payments between Government accounts. (See offsetting receipts.)

BUDGET SURPLUS OR DEFICIT (−)—The difference between budget receipts and budget outlays.

CONCURRENT RESOLUTION ON THE BUDGET—A resolution passed by both Houses of the Congress, but not requiring the signature of the President, setting targets or binding Federal budget totals for the Congress.

CONTINUING RESOLUTION—Legislation enacted by the Congress to provide budget authority for specific ongoing activities when a regular appropriation for those activities has not been enacted by the beginning of the fiscal year.

CURRENT SERVICES ESTIMATES—Estimates of receipts, outlays and budget authority for the upcoming fiscal year that assume no policy changes from the year in progress. The estimates do show the effects of anticipated changes in economic conditions (such as unemployment or inflation), beneficiary levels, pay increases, and changes required under existing law. The Congressional Budget Act of 1974 requires that the President transmit current services estimates to the Congress.

DEFERRAL—Any action or inaction by an officer or employee of the United States that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budget authority. Deferrals may not extend beyond the end of

[1] These definitions are consistent with those contained in the booklet, "A Glossary of Terms Used in the Federal Budget Process", third edition, published by the General Accounting Office in March 1981.

the fiscal year and may be overturned at any time by either House of the Congress.

FEDERAL FUNDS—Amounts collected and used by the Federal Government for the general purposes of the Government. There are four types of Federal fund accounts: the general fund, special funds, public enterprise funds, and intragovernmental funds. The major Federal fund is the general fund, which is derived from general taxes and borrowing. Federal funds also include certain earmarked collections, such as those generated by and used to finance a continuing cycle of business-type operations.

FISCAL YEAR—The yearly accounting period for the Federal Government, which begins on October 1 and ends on the following September 30. The fiscal year is designated by the calendar year in which it ends; e.g., fiscal year 1983 begins on October 1, 1982, and ends on September 30, 1983. (From fiscal year 1844 to fiscal year 1976 the fiscal year began on July 1 and ended on the following June 30.)

IMPOUNDMENT—Any action or inaction by an officer or employee of the Federal Government that precludes the obligation or expenditure of budget authority provided by the Congress (see deferral and rescission).

OBLIGATIONS—Amounts of orders placed, contracts awarded, services received, or similar legally binding commitments made by Federal agencies during a given period that will require outlays during the same or some future period.

OFF-BUDGET FEDERAL ENTITIES—Federal organizations or programs that belong in the budget under current budget accounting concepts but that have been excluded from the budget totals under provisions of law. Information on these entities is presented in various places in the budget documents.

OFFSETTING RECEIPTS—Collections deposited in receipt accounts that are offset against budget authority and outlays rather than being counted as budget receipts. These collections are derived from other Government accounts or from the public through activities that are of a business-type or market-oriented nature. Offsetting receipts are classified as (1) intragovernmental transactions, or (2) proprietary receipts from the public.

OUTLAYS—Checks issued or cash disbursed. Outlays include interest accrued on the public debt, or other payments made, net of refunds and reimbursements.

RECONCILIATION—A directive in the concurrent resolution on the budget that calls on various committees of the Congress to recommend legislative changes that reduce outlays or increase receipts by specified amounts.

RESCISSION—A legislative action canceling budget authority previously provided by the Congress.

SUPPLEMENTAL APPROPRIATION—An appropriation enacted as an addition to a regular annual appropriation act. Supplemental appropriation acts provide additional budget authority for programs or activities (including new programs authorized after the date of the original appropriation act) for which the need for funds is too urgent to be postponed until the next regular appropriation.

TAX EXPENDITURES—Special provisions of the Federal income tax laws that allow a special exclusion, exemption, or deduction from gross income or provide a special credit, preferential rate of tax, or a deferral of tax liability affecting individual or corporate income tax liabilities that have results similar to spending programs.

TRUST FUNDS—Amounts collected and used by the Federal Government for carrying out specific purposes and programs according to a statute or trust agreement, such as the social security and unemployment trust funds. Trust funds are not available for the general purposes of the Government. Trust fund receipts that are not anticipated to be used in the immediate future are generally invested in interest-bearing Government securities and earn interest for the trust fund.

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

NEED ADDITIONAL COPIES ???

A description of budget and related documents can be found in the front of this volume. Copies may be purchased at any of the GPO bookstores listed below. (Paper copies only.)

GPO BOOKSTORES

ATLANTA
Rm. 100, Fed. Bldg.
275 Peachtree St. N.E.
Atlanta, GA 30303
FTS 242-6946
Commercial (404) 221-6947

BIRMINGHAM
Roebuck Shopping City
9220-B Parkway East
Birmingham, AL 35206
FTS 229-1056
Commercial (205) 254-1056

BOSTON
Rm. G25, Fed. Bldg.
Sudbury Street
Boston, MA 02203
FTS 223-6071
Commercial (617) 223-6071

CHICAGO
Rm. 1463, Fed. Bldg.
219 S. Dearborn St.
Chicago, IL 60604
FTS 353-5133
Commercial (312) 353-5133

CLEVELAND
1st Floor, Fed. Bldg.
1240 E. 9th Street
Cleveland, OH 44199
FTS 293-4922
Commercial (216) 522-4922

COLUMBUS
Rm. 207, Fed. Bldg.
200 N. High Street
Columbus, OH 43215
FTS 943-6956
Commercial (614) 469-6956

DALLAS
Rm. 1C50, Fed. Bldg.
1100 Commerce St.
Dallas, TX 75242
FTS 729-0076
Commercial (214) 767-0076

DENVER
Rm. 117, Fed. Bldg.
1961 Stout Street
Denver, CO 80294
FTS 327-3964
Commercial (303) 837-3964

DETROIT
Suite 160, Fed. Bldg.
477 Michigan Avenue
Detroit, MI 48226
FTS 226-7816
Commercial (313) 226-7816

HOUSTON
45 College Center
9319 Gulf Freeway
Houston, TX 77017
FTS 527-5453
Commercial (713) 226-5453

JACKSONVILLE
Rm. 158, Fed. Bldg.
400 W. Bay Street
Jacksonville, FL 32202
FTS 946-3801
Commercial (904) 791-3801

KANSAS CITY
Rm. 144, Fed. Bldg.
601 East 12th St.
Kansas City, MO 64106
FTS 758-2160
Commercial (816) 374-2160

LAUREL
8660 Cherry Lane
Laurel, MD 20707
No FTS Number
Commercial (301) 953-7974

LOS ANGELES
ARCO Plaza, C Level
505 South Flower St.
Los Angeles, CA 90071
FTS 798-5841
Commercial (213) 688-5841

MILWAUKEE
Rm. 190, Fed. Bldg.
517 E. Wisconsin Ave.
Milwaukee, WI 53202
FTS 362-1300
Commercial (414) 291-1304

NEW YORK
Room 110
26 Federal Plaza
New York, NY 10278
FTS 264-3825
Commercial (212) 264-3825

PHILADELPHIA
Rm. 1214, Fed. Bldg.
600 Arch Street
Philadelphia, PA 19106
FTS 597-0677
Commercial (215) 597-0677

PITTSBURGH
Rm. 118, Fed. Bldg.
1000 Liberty Avenue
Pittsburgh, PA 15222
FTS 722-2721
Commercial (412) 644-2721

PUEBLO
Majestic Bldg.
720 North Main St.
Pueblo, CO 81003
FTS 323-9371
Commercial (303) 544-3142

SAN FRANCISCO
Rm. 1023, Fed. Bldg.
450 Golden Gate Avenue
San Francisco, CA 94102
FTS 556-6657
Commercial (415) 556-0543

SEATTLE
Rm. 194, Fed. Bldg.
915 Second Avenue
Seattle, WA 98174
FTS 399-4270
Commercial (206) 442-4270

WASHINGTON, D.C. AREA

MAIN—GPO
710 North Capitol St. N.W.
Washington, D.C. 20401
FTS 275-2091
Commercial (202) 275-2091

COMMERCE
14th & E Sts. N.W.
Room 1604, 1st Floor
Washington, D.C. 20230
FTS 377-3527
Commercial (202) 377-3527

HEALTH & HUMAN SERVICES
Rm. 1528, HHS North Bldg.
330 Independence Ave. S.W.
Washington, D.C. 20201
FTS 472-7478
Commercial (202) 472-7478

INT'L COMMUNICATION AGENCY
1776 Penn. Avenue N.W.
Washington, D.C. 20547
FTS 724-9928
Commercial (202) 724-9928

PENTAGON
Rm. 2E172
Main Concourse, South End
Washington, D.C. 20301
FTS 557-1821
Commercial (703) 557-1821

STATE
2817 North Lobby
21st & C Sts. N.W.
Washington, D.C. 20520
FTS 632-1437
Commercial (202) 632-1437

Also, copies may be ordered directly using the order form on the following page.

ORDER FORM

MAIL ORDER FORM To:

Superintendent of Documents,
U.S. Government Printing Office,
Washington, D.C. 20402

Enclosed find $.....
(check or money order payable to the Superintendent of Documents).
(Please do not send cash or stamps.)
Please send me the publications I have indicated.

FOR OFFICE USE ONLY	
Quantity	Charges
.....Publications	
.....Subscriptions	
Special Shipping Charges	
International Handling	
Special Charges	
OPNR	
.....UPNS	
.....Balance Due	
.....Discount	
.....Refund	

Name.....

Street address.....

City and State..... ZIP Code.....

There is a 25% discount on all orders for 100 or more copies of a single title mailed to a single address. No discount is allowed if such orders are mailed to multiple addresses.

No. of copies	PUBLICATIONS	Price per copy	Total cost
_____	The Budget of the United States Government, FY 1983. S/N 041-001-00239-1.....	$7.50	_____
_____	The Budget of the United States Government, FY 1983. Appendix S/N 041-001-00241-3.....	$17.00	_____
_____	The United States Budget in Brief, FY 1983. S/N 041-001-00242-1.....	$4.00	_____
_____	Major Themes and Additional Budget Details. S/N 041-001-00243-0.....	$7.00	_____
	Special Analyses:		
_____	A. Current Services Estimates.....	(1)	_____
_____	B. Federal Transactions in the National Income Accounts.....	(1)	_____
_____	C. Funds in the Budget.....	(1)	_____
_____	D. Investment, Operating, and Other Budget Outlays.....	(1)	_____
_____	E. Borrowing and Debt.....	(1)	_____
_____	F. Federal Credit Programs.....	(1)	_____
_____	G. Tax Expenditures.....	(1)	_____
_____	H. Federal Aid to State and Local Governments.....	(1)	_____
_____	I. Civilian Employment in the Executive Branch.....	(1)	_____
_____	J. Civil Rights Activities.....	(1)	_____
_____	K. Research and Development.....	(1)	_____
			_____
		Total	.....

[1] Price per copy not available at press time.

FOR FUTURE NOTIFICATION OF BUDGET PUBLICATIONS, CHECK THIS BOX ☐
YOUR NAME WILL BE PLACED ON MAILING LIST NUMBER N-901.

THE BUDGET DOCUMENTS

Budget of the United States Government, 1983 contains the Budget Message of the President and presents an overview of the President's budget proposals. It includes explanations of spending programs in terms of national needs, agency missions, and basic programs, and an analysis of estimated receipts including a discussion of the President's tax program. This document also contains a description of the budget system and various summary tables on the budget as a whole.

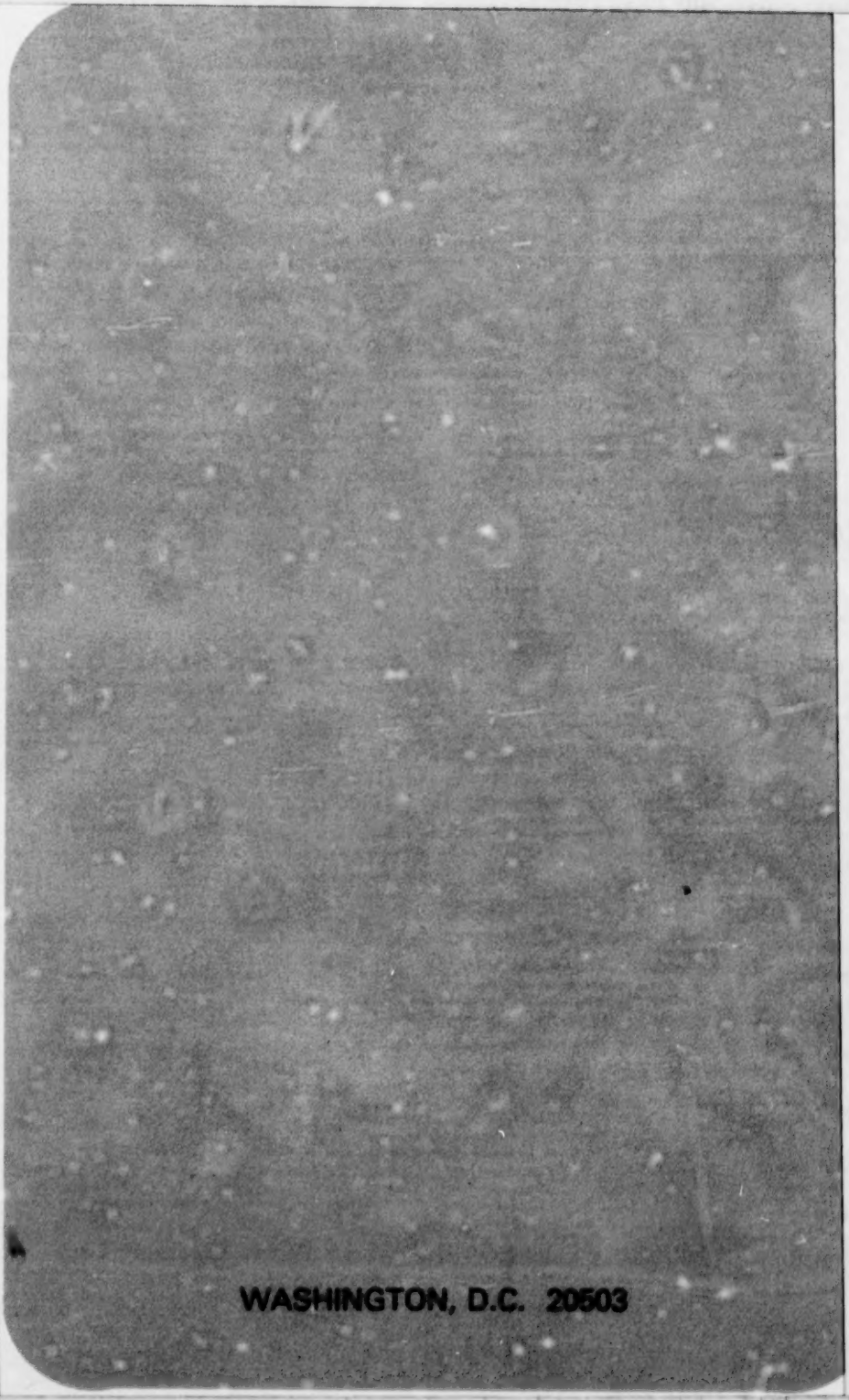
United States Budget in Brief, 1983 is designed for use by the general public. It provides a more concise, less technical overview of the 1983 budget than the above volume. Summary and historical tables on the Federal budget and debt are also provided, together with graphic displays.

Budget of the United States Government, 1983—Appendix contains detailed information on the various appropriations and funds that comprise the budget. The *Appendix* contains more detailed information than any of the other budget documents. It includes for each agency: the proposed text of appropriation language, budget schedules for each account, new legislative proposals, explanations of the work to be performed and the funds needed, proposed general provisions applicable to the appropriations of entire agencies or groups of agencies, and schedules of permanent positions. Supplementals and rescission proposals for the current year are presented separately. Information is also provided on certain activities whose outlays are not part of the budget totals.

Special analyses previously published in the Special Analyses volume of the Budget may be purchased individually.

Major Themes and Additional Budget Details, a supplementary report to the budget documents, highlights the ways in which the 1983 Budget implements major themes of the President's program and describes specific programmatic changes and their effects.

Instructions for purchasing copies of any of these materials are on the last two pages of this volume.


WASHINGTON, D.C. 20503